FINANCIAL TIMES

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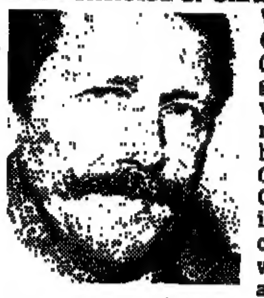
Aideed releases US pilot and Nigerian soldier

US helicopter pilot Michael Durant and a Nigerian soldier were freed by Somalia's rebel warlord, General Mohamed Farah Aideed, after four days of negotiations led by US special envoy Robert Oakley. Aideed, expected the immediate release of his men. About 50 members of his National Somali Alliance are thought to be held by the UN. Page 18; *Clinton airs fears on UN operations*, Page 8

Car sales go on falling: West European new car sales fell by an estimated 10.7 per cent in September, to 845,000, the ninth month in succession that demand has fallen sharply. Page 2

Two convicted of Chris Hani killing



White rightwinger Clive Derby-Lewis (left), and Polish immigrant Janus Walus were convicted in Johannesburg of murdering black South African Communist party leader Chris Hani. Derby-Lewis's wife Gaye was cleared on all counts which included conspiracy to murder eight others. Page 4

Uncertain future for Bull chief: Sharp disagreements in industry and government have emerged about allowing Bernard Pache to remain chairman and chief executive of Groupe Bull, state-owned French computer manufacturer. A possible replacement is Jean-Marie Descarpentries, former head of French packaging company Carnaud. Page 19

Spain cuts benchmark rate: The Bank of Spain cut its benchmark interest rate half a percentage point to 9.5 per cent, the lowest since 1978, following an agreement to secure passage of the 1994 budget. Page 18

Ericsson, Swedish telecommunications manufacturer, is to link with Inmarsat, a 71-nation satellite operator, to create a global mobile telecommunications network allowing portable telephones to be operated anywhere in the world. Page 19; Editorial Comment, Page 17

Çiller visit to US: Turkish prime minister Tansu Çiller will today seek support from US president Bill Clinton for her economic reforms. She needs a foreign policy boost for her flagging domestic fortunes. Page 3

J.P. Morgan, New York banking group, posted a 48 per cent increase in third-quarter earnings to $468m, thanks to buoyant trading and corporate finance revenues. Page 19

Death for militants: Three Moslem militants were sentenced to death and 30 others received jail terms in Alexandria for plotting to overthrow the Egyptian government. *Egyptian cabinet reshuffle*, Page 5

Body Shop International, UK natural cosmetics and toiletries manufacturer and retailer, reported interim pre-tax profits up from £8.3m ($12.5m) to £10m, ahead of market expectations. Page 20; Lex, Page 18

Laidlaw, North American waste services and transport operator, has cleared the way for disposal or rationalisation of its interests in ADT, security and vehicle auction group, and Attwoods, UK-based waste services company. Page 19; CP tries to get to grips with Laidlaw legacy, Page 21

Saudi oil threats on French agenda: French president François Mitterrand is expected today to discuss recent Saudi recent threats to French oil interests in Yemen during a visit to Riyadh. *Page 5*

Supreme Court faces impeachment: Argentina's congress is to start impeachment proceedings against the Supreme Court after economy minister Domingo Cavallo publicly accused two justices of theft and corruption. Page 8

US inflation in check: The yield on the 30-year benchmark US Treasury bond fell to a 16-year low of 5.85 per cent after reassuring news on inflation. Page 8

Brussels seeks social policy progress: The European Commission wants to do all it can to end Britain's isolation from the rest of the EC on social policy, according to EC social affairs commissioner Padraig Flynn. Page 9

BAe to cut jobs: British Aerospace, citing lack of orders, is cutting almost 1,000 jobs in four plants in England and Scotland. Page 10

■ STOCK MARKET INDICES

FT-SE 100:	3086.3	(+5.4)
Yield	3.80	
FT-SE Eurotrack 100	1315.57	(-1.48)
FT-A All-Share	1527.78	(+0.1%)
Nikkei	20,082.81	(+44.41)
New York lunchtime:		
Dow Jones Ind Ave	3621.07	(+17.88)
S&P Composite	465.95	(+4.46)

■ US LUNCHTIME RATES

Federal Funds:	3.0%
3-mo Treas Bills: Yld	3.065%
Long Bond	105 7/16
Yield	5.875%

■ LONDON MONEY

3-mo Interbank	5 11/16	(5 21/32)
Liffe long gilt future:	Dec 113 11/16	(Dec 114 5/32)

■ NORTH SEA OIL (Argus)

Brent 15-day Nov	$16.945	(17.23)

■ Gold

New York Comex Dec	$358.6	(367.6)
London	$365.0	(366.75)

■ STERLING

New York lunchtime:		
$	1.5125	
London:		
$	1.513	(1.5225)
DM	2.4425	(same)
FFr	8.62	(8.6175)
SFr	2.1525	(2.14)
Y	162.5	(161.5)
£ Index	80.4	(same)

■ DOLLAR

New York lunchtime:		
DM	1.616	
FFr	5.6985	
SFr	1.4255	
Y	107.45	
London:		
DM	1.614	(1.6035)
FFr	5.6975	(5.66)
SFr	1.423	(1.406)
Y	107.45	(106.0)
$ Index	65.1	(64.7)

Tokyo close Y 106.14

Austria	Sch30	Greece	Dr300	Lux	LFr65	Qatar	QR12.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lv25.00	Iceland	IKr215	Neth	Fl 3.75	Slovak Rp	KSL45
Cyprus	C£1.00	India	Rs40	Nigeria	Naira45	South Africa	R12.00
Czech Rp	CZK45	Israel	Shk6.90	Norway	NKr16.00	Spain	Pta210
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Sweden	SKr15
Egypt	E£4.50	Japan	Y500	Pakistan	Rs35	Switz	SFr3.20
Finland	FM12	Jordan	JD1.50	Philippines	Pso45	Syria	S£50.00
France	FFr9.00	Kuwait	Fils.600	Poland	Zl 22,000	Tunisia	Din1.250
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	Turkey	L8000
						UAE	Dh11.00

US refuses to reopen Blair House farm deal

Rexrodt says obstacles could prove fatal to Gatt

By David Dodwell in Brussels and Quentin Peel in Bonn

THE US yesterday moved strongly to distance itself from French pressure to reopen US-EC talks on subsidised farm exports, suggesting the matter was an internal European issue.

In what appeared to be a mediation effort, Mr Günter Rexrodt, the German economics minister, outlined possible areas for compromise, although German officials denied reports from France that Chancellor Helmut Kohl would try personally to reconcile the two countries.

Mr Rexrodt said it could prove fatal to hopes of a solution by mid-December for any side to raise obstacles at this late stage. His appeal was clearly directed quite as much at France, which has suggested that both agricultural trade and audiovisual services should be left out of the Gatt accord, as at the US.

Mr Mickey Kantor, the US trade representative, insisted that the US would neither reopen nor renegotiate the year-old Blair House agreement limiting Europe's subsidised farm exports: "It is an issue that the EC can well address internally," he said after two days of meetings with Sir Leon Brittan, his EC counterpart, in Brussels.

Mr Kantor poured cold water on EC proposals for a special summit next week of Quad trade ministers. The Quad group is made up of Canada, the EC, America and Japan. A special summit "would only be useful if substantive progress is made in the meanwhile. Reiteration of statements would be counterproductive," he said.

He drummed his point home by appearing together with Mr Peter Cook, the Australian trade minister, who was also in Brussels representing the 14-nation Cairns Group of farm exporters: "There are more countries involved in this negotiation than the Quad, or US-EC bilateral talks."

Mr Kantor made an even more direct gesture in France's direction by accepting an invitation to dinner in Brussels last night with a French delegation headed by Mr Gerard Longuet, France's industry minister, and one of the few French ministers to have spoken out openly in favour of a successful Uruguay Round result by the end of the year.

Discussions yesterday centred on steel and aircraft subsidies, where Mr Kantor said progress had been made, even though the US and the EC "did not come to complete agreement".

Gatt poker is turned into blame game ......Page 7

However, the US trade representative was emphatic that an EC offer on tariff cuts in manufactured goods, to be unveiled formally in Geneva at the beginning of next week, was unsatisfactory.

He insisted that deeper tariff cuts on manufactured goods were needed for the EC's proposed Quad meeting.

EC officials nevertheless remained optimistic yesterday that the Quad ministers would eventually agree to a meeting.

Mr Rexrodt also called for concessions from the US on dismantling peak tariffs for textile imports, and firm pledges on market access for both financial services and marine transport. In return, he said, Germany was ready to plead in Brussels for an extension of the EC's offer on market access in Europe.

One EC spokesman noted that the US negotiators had not been expected to arrive in Brussels this week with any fresh initiatives in hand. He said this was partly due to pressure on US trade negotiators to secure backing in the US Congress for the North American Free Trade Agreement: "The Nafta is definitely colouring the scene," he said.

"The US team is less ambitious at present and appears less willing to take on strong lobbies like steel and aeronautics."

Red Sea symposium: Palestinian negotiator Nabil Shaath (left) discusses the terms of the transfer of Jericho and the Gaza Strip to Palestinian autonomy with Major-General Amnon Shahak, head of the Israeli negotiating team, in Taba, Egypt — Associated Press

Yeltsin orders Pravda to change name and editor

By Leyla Boulton in Moscow

PRAVDA, Russia's best-known Communist newspaper, is to be allowed back on the streets on condition it changes its name and editor, while the ex-KGB, another former pillar of Communist power, is to improve its spying on political parties.

Both measures were announced as Russian authorities prepare to lift emergency rule in Moscow on Monday.

The press and information ministry also said 15 newspapers suspended after President Boris Yeltsin crushed the armed parliamentary rebellion on October 4 would be closed permanently.

These included the hardline Den (Day) and smaller fascist or nationalist newspapers. The St Petersburg television programme *600 Seconds*, vitriolic in its opposition to the country's rulers, has also been taken off the air for good.

Mr Gennady Seleznev, Pravda's editor, dismissed the ultimatum for him to step down as "crude and arbitrary".

Itar-Tass, the official Russian news agency, said Pravda would "in all likelihood come out under the name Path of Truth". The agency did not say whether the government had chosen the name.

Another popular Communist newspaper, Sovietskaya Rossiya, has been given similar instructions as a condition for its reappearance. Its staff rejected the demand for its editor's sacking as "blackmail and a violation of media laws".

Russia's breadwinners and losers ......Page 3

Itar-Tass quoted a ministry official as saying: "Nobody is asking them to stop their activity as opposition newspapers, but from now on they must act in a civilised manner and not break the law."

Mr Nikolai Golushko, the head of the security ministry, admitted that his organisation had been poorly prepared for the uprising and cited this as justification for "improved supervision of political parties" in future.

At least eight communist and nationalist parties were banned under the state of emergency and are likely to remain so even though some individual party leaders will be allowed to stand in parliamentary elections due on December 12.

Mr Sergei Shakhrai, the deputy prime minister and previously close to Mr Yeltsin, announced he would hold a founding meeting of his new Russian Party for Unity and Agreement today. His party will not join Russia's Choice, an electoral bloc set up by leading pro-Yeltsin reformers in Moscow.

Mr Shakhrai said his party wanted to avoid radicalism in economic policy and would put up mostly regional leaders, rather than members of Moscow's political elite, as its parliamentary candidates.

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Belgian franc hits new low against D-Mark

By Peter John in London and Andrew Hill in Brussels

THE European exchange rate mechanism yesterday came under its heaviest pressure since the currency crisis at the beginning of August that led to the widening of the ERM fluctuation bands to 15 per cent.

The Belgian franc hit a new low against the D-Mark, in spite of support from the country's central bank. The French franc also fell sharply, as dealers speculated that a cut in French interest rates was imminent.

The Belgian central bank again denied that it was considering a change in its strategy of shadowing the D-Mark but a bank official said: "The markets are so volatile that it's very difficult to plan a policy."

Belgium's central interest rate was left unchanged at 9.65 per cent, but the Belgian franc fell below the psychologically important barrier of BFr22 to the D-Mark for the first time. It recovered slightly to close at BFr21.97, down from BFr21.89 at Wednesday's close, and well below its old ERM floor of BFr21.095 under the 2.25 per cent bands.

Pressure on the Belgian currency was exacerbated by comments attributed to Mr Jacques Poos, Luxembourg's foreign minister, which increased speculation about the future of the 71-year-old currency association between the two countries.

In an interview with L'Echo, Belgium's francophone business newspaper, Mr Poos said the Grand Duchy would continue to "march alongside" Belgium as long as it stuck to its "franc fort" policy. But he added: "If it abandons that policy, we will have to rely on our own means."

The French franc fell by more than a centime against the D-Mark, hitting FFr3.5425 at one stage, well below its former ERM floor before currency bands were widened to 15 per cent in August. It recovered in the afternoon to close at FFr3.52, down

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Currencies, Section II

Chrysler shares climb $3 on third-quarter record

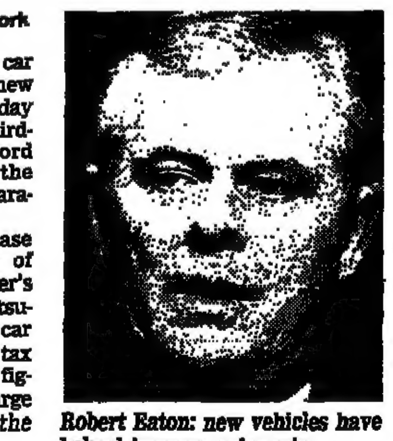
By Richard Tomkins in New York

SHARES in Chrysler, the US car giant, surged by $3 5/8 to a new 52-week high of $52 1/8 yesterday as strong sales growth took third-quarter earnings to a record $423m – more than double the $202m reported for the comparable period last year.

Part of the profits increase reflected exceptional gains of $58m from the sale of Chrysler's remaining 23.3m shares in Mitsubishi Motors, the Japanese car company, and a favourable tax adjustment of $51m: but the figures also included a $79m charge for the restructuring of the group's car rental operations.

Chrysler's healthy performance reflects a continuing recovery for the group from a position of financial weakness two years ago. Earlier this month the company regained its investment-grade debt rating from Standard & Poor's, the US credit rating agency.

New products are behind the growth. Chrysler has increased market share and profits by



Robert Eaton: new vehicles have helped improve sales mix

switching away from the dull, boxy cars it produced in the 1980s to more imaginative designs and higher-margin vehicles such as sports utility vehicles and minivans.

Mr Robert Eaton, chairman, said a combination of new vehicles such as the Jeep Grand Cherokee, Dodge Intrepid, Chrysler Concorde and Eagle Vision had combined with continued dominance of the minivan market to improve the sales mix.

Turnover for the quarter was a record $9.7bn, an increase of 5.4 per cent over the comparable period. Earnings per common share were $1.13, compared with 62 cents.

Retail sales in the quarter totalled 220,922 cars and 309,979 trucks and minivans in the US and Canada, giving the group 9.4 per cent of the car market and 20.2 per cent of the truck market. Its combined North American market share was 13.6 per cent, up 1.1 percentage points over the comparable period.

International retail sales rose by 84 per cent to 30,676 units.

At the end of the first nine months of 1993, Chrsyler is showing a net loss of $3.045bn compared with net earnings of $367m in the same period in 1992 because of a charge of $4.683bn taken earlier in the year for a change in accounting principles for retiree health care.

World stocks, Section II

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Sweden to spend SKr11bn on refugees

THE SWEDISH government is to spend SKr11.7bn ($1.48bn) in the current budget year to cope with some 75,000 refugees, mainly from former Yugoslavia, writes Hugh Carnegy in Stockholm. The mounting cost has bloated the country's already-large budget deficit.

Sweden has taken in more ex-Yugoslav refugees than any European country after Germany, Switzerland and Austria. But the government has decided it will now take fewer because of the rising cost and mounting political pressures at home.

Prime minister Carl Bildt last week called at the Council of Europe summit in Vienna for other states to carry a larger share of the burden. Failure to do so "means turning your back on the joint European responsibility that we all have."

Sweden has taken in more than 65,000 ex-Yugoslavs in the past two years. , In June, it agreed to give 42,000 refugees from Bosnia Hercegovina the right of permanent residence. The cases of thousands more are still being considered.

The Swedish government estimates that up to 30,000 relatives will join those offered residency and has provided for a further influx of 6,000 refugees, most from former Yugoslavia, in the year to June 1994.

The cost of coping with such numbers has been one of the factors preventing the government getting on top of a growing budget deficit, which is set to hit SKr215bn, or 15 per cent of GDP, in the 1993-94 budget year. This year's SKr11.7bn allocation for refugees follows SKr10.5bn spent last year and is almost double the total three years ago.

The influx of refugees has also provoked an increasing debate over immigration. Until the latest wave, Sweden had accepted 250,000 political refugees over the previous 30 years, many from South America and the Middle East.

But the recent surge has coincided with the country's worst recession in 50 years and unprecedented levels of unemployment, prompting occasional outbursts by small right-wing groups.

Mr Bildt's government wants to move those granted residence out of temporary housing into local community accommodation as quickly as possible. But local authorities, burdened by housing shortages and unemployment averaging 13 per cent, are hesitant. The government has recently announced a scheme to pay local councils SKr24,000 per refugee on top of the costs it is already bearing, to encourage quicker acceptance of the newcomers.

Lufthansa employees win 2.5% pay rise

By Christopher Parkes in Frankfurt

THE first significant pay settlement in west Germany's 1994 wages round has resulted in an estimated annual increase of around 2.5 per cent for 49,000 Lufthansa employees.

Following a 12-month freeze, during which prices rose by 4 per cent, the agreement signalled further real losses of earning power among the airline's workforce. The cost-of-living index is expected to rise 3.5 per cent during 1994.

The deal, negotiated by the ÖTV public service union, increased expectations of a non-inflationary award for the country's 2.3m other public-sector workers. Negotiations are due to begin next month.

Main elements of the Lufthansa package were a one-off payment of DM870 (£353.60) for the six months to the end of next March, followed by a general 2.7 per cent rise covering the period until September 31 1994.

The agreement, reached quickly without any sign of conflict, prompted one analyst to forecast that settlements for the whole of west German industry would average less than 3 per cent.

Meanwhile, chemicals industry employers yesterday continued their propaganda campaign, hammering home the message of severe difficulties and continuing job losses.

VW plans to reduce output next year

By Christopher Parkes

VOLKSWAGEN, Europe's biggest volume carmaker, has started laying plans to cut production next year, indicating continuing pessimism within the group on market prospects.

Workers' representatives and management will start talks soon to discuss short-time working at the group's German factories for the first quarter of 1994, a spokesman said yesterday.

The agenda would include a possible extension of the Christmas and New Year holiday shut-down, he added.

He dismissed as speculation reports in a Wolfsburg newspaper that the local factory, the biggest in the group, with some 53,000 employees, would shut down for 47 days next year and that other plants could close for up to 60 days.

The only concrete decision taken so far was to stop production for six days at VW's smallest works, a half-finished assembly plant in Mosel, eastern Germany.

The VW group, which includes the Volkswagen and Audi marques, Seat in Spain and Skoda in the Czech Republic, cut output 19 per cent in the first six months this year.

The group is certain to post a substantial loss for the full year following the recent disclosure of an unexpected deficit of DM1.25bn (£506m) at its Seat subsidiary.

W Europe car sales fall 10.7%

By Kevin Done, Motor Industry Correspondent

WEST EUROPEAN new car sales fell by an estimated 10.7 per cent in September, to 845,000.

Demand has dropped sharply for nine months in succession. New car sales in the first three quarters of the year declined by 15.7 per cent to 8.88m according to industry estimates.

In the first nine months of the year 1.66m fewer new cars have been sold in west Europe than in the same period a year ago, as the motor industry suffers a steeper sales decline than during the recession following the first oil crisis in the early 1970s.

New car sales both in September and in the first nine months were lower than a year ago in 15 of 17 markets across west Europe, with demand growing only in the UK and marginally in Norway.

The severity of the decline suffered in the first half of the year appears to have moderated slightly in the last two months, however.

Among the large-volume markets, new car sales in Germany fell by an estimated 14 per cent in September compared with the decline of 19 per cent recorded in the first nine months.

In Italy sales fell by 13.9 per cent in September compared with a 22.3 per cent drop in the first three-quarters of the year, while in Spain a fall of 16.3 per cent in September compared with a drop of 25.3 per cent in the first nine months.

The pace of decline in France was little changed, with a drop of 16.2 per cent year-on-year in September and of 17.2 per cent in the first nine months.

The UK remains the only significant market in west Europe, where new car sales are rising, with an increase year-on-year of close to 12 per cent both in September and in the first nine months.

The steep fall in sales has forced nearly all carmakers in Europe to reduce their production and workforces sharply. Four of the big six volume carmakers – Volkswagen, Fiat, PSA Peugeot Citroen, and Ford of Europe – were in loss in the first half of the year, while profits have fallen heavily at Renault and at GM Europe.

Among volume carmakers Volkswagen and Fiat have lost most ground this year with sales plunging over 21 per cent in the first nine months.

General Motors – Opel in continental Europe and Vauxhall in the UK – continued to outperform its rivals, raising its market share to 13 per cent from 12.3 per cent a year ago. Opel/Vauxhall is the best-selling car brand in Europe ahead of Ford and Volkswagen.

Mercedes-Benz and Saab raised sales strongly in September, helped by the launch of new models.

Rover, the subsidiary of British Aerospace, is the only significant carmaker in Europe to have increased its sales volume this year.

Carmakers will radically change the materials they use in cars in the coming decade as steel and cast iron increasingly give way to aluminium and plastics, and to a lesser extent magnesium, writes Kevin Done.

According to a report by the Economist Intelligence Unit the motor industry is on the threshold of a significant change in the use of materials in the race to save weight and to respond to environmental pressures.

The use of aluminium by the world car industry is forecast almost to double by the end of the decade and the use of plastics will increase by more than 30 per cent.

WEST EUROPEAN NEW CAR REGISTRATIONS
January-September 1993

	Volume (Units)	Volume Change(%)	Share (%) Jan-Sept 93	Share (%) Jan-Sept 92
TOTAL MARKET	8,883,000	–15.7	100.0	100.0
MANUFACTURERS:				
Volkswagen group	1,451,000	–21.7	16.3	17.3
– Volkswagen	960,000	–19.9	10.8	11.4
– Audi	245,000	–26.1	2.8	3.1
– Seat	206,000	–20.8	2.3	2.5
– Skoda*	40,000	+6.2	0.5	0.4
General Motors#	1,153,000	–10.9	13.0	12.3
– Opel/Vauxhall	1,110,000	–10.3	12.5	11.7
– Saab**	30,000	–24.8	0.4	0.4
PSA Peugeot Citroen	1,074,000	–15.1	12.1	12.0
– Peugeot	654,000	–14.7	7.4	7.3
– Citroen	420,000	–15.8	4.7	4.7
Renault-Volvo ††	1,062,000	–15.2	12.0	11.9
– Renault	932,000	–14.7	10.5	10.4
– Volvo	130,000	–18.0	1.5	1.5
Ford#	1,046,000	–14.4	11.8	11.8
– Ford Europe	1,037,000	–14.5	11.7	11.5
– Jaguar	9,000	+0.1	0.1	0.1
Fiat group##	988,000	–21.6	11.1	11.9
– Fiat	740,000	–20.7	8.3	8.9
– Lancia	140,000	–23.2	1.6	1.7
– Alfa Romeo	98,000	–25.2	1.1	1.2
Nissan	314,000	–7.6	3.5	3.2
BMW	287,000	–17.4	3.2	3.3
Rover†	279,000	+12.8	3.1	2.3
Mercedes-Benz	258,000	–19.7	2.9	3.0
Toyota	252,000	–3.2	2.8	2.5
Mazda	155,000	–28.1	1.7	2.0
Honda†	127,000	–10.3	1.4	1.3
Mitsubishi	113,000	–11.9	1.3	1.2
Total Japanese	1,103,000	–11.8	12.4	11.9
MARKETS:				
Germany	2,467,000	–19.1	27.8	28.9
Italy	1,457,000	–22.3	16.4	17.8
United Kingdom	1,451,000	+11.8	16.3	12.3
France	1,254,000	–17.2	14.1	14.4
Spain	564,000	–25.3	6.4	7.2

*VW holds 31 per cent and management control of Skoda.
#Includes cars imported from US and sold in western Europe.
**GM holds 50 per cent and management control of Saab Automobile.
††Renault and Volvo to merge in January 1994. Presently linked through minority cross-shareholdings.
Fiat group includes Lancia, Alfa Romeo, Innocenti, Ferrari and Maserati.
†Honda holds a 20 per cent stake in Rover vehicle operations.

Source : Industry estimates

Government is urged to move on economy

By Hugh Carnegy in Stockholm

SWEDEN is suffering a depression that has been underestimated by the right-centre government of Prime Minister Carl Bildt and urgent measures are needed to stimulate economic growth, Sweden's main trade union organisation said yesterday.

"People still believe this is a business cycle downturn, but you don't lose 10 per cent of the nation's productive sector in a downturn. We have 14 per cent of the labour force unemployed. You have to go back to the 1930s to find such figures," said Mr Dan Andersson, an economist at LO, the confederation of blue-collar unions.

The LO said in its latest report on the economy it expected a 3 per cent decline in gross national product this year, the third consecutive year of decline.

It said 500,000 people had lost their jobs since 1990 and employment was at it lowest level for 20 years. "Depression in the Swedish economy is now a fact," the report said.

LO figures concur with government estimates showing the decline in GNP and industrial production ended in the middle of this year, leading to official forecasts of a return to modest growth in 1994.

It acknowledged the yawning gap in the public finances – the budget deficit is set to rise to 15 per cent of gross national product next year – cramped room for manoeuvre. But it insisted real recovery would not occur without a government-led stimulus to break a pattern of high savings and encourage consumption and investment instead.

The LO called for a further lowering of interest rates and a radical cut in the 25 per cent standard rate of value added tax. It also said the government should foster public confidence in the economy by bolstering welfare services threatened with cuts, such as state pensions.

Euro Disney price cut

EURODISNEYLAND, the troubled theme park, plans to cut the prices at some of its hotels to try to drum up business during the slack winter season, writes Alice Rawsthorn in Paris.

A family of four will from early January be able to stay in a room at the Santa Fe, the cheapest of the six hotels at the park, for FFr300 (£34.80) a night, rather than FFr375.

EuroDisneyland has also made slight cuts in low-season prices at its middle-range hotels. Room rates at the New York and the Disneyland, the two most expensive hotels, have remained unchanged at FFr1,000 and FFr1,600 respectively. The price cuts are the latest attempt by EuroDisneyland to improve its performance. Euro Disney, the park's operating company, which hoped to be profitable from its first year, is next month expected to announce heavy losses for the year to September 30. Analysts are braced for a net deficit of FFr1.8bn for 1992/93.

The group had previously announced it was reducing the low-season entrance price at the park from FFr250 (at high season) to FFr175 for an adult and from FFr175 to FFr125 for children.

De Benedetti investigated

Mr Carlo De Benedetti, head of Olivetti, and Mr Cesare Romiti, the chief executive officer of Fiat, are on a list of more than 60 people being investigated by Rome magistrates for alleged illicit financing of political parties as a result of contracts awarded for the Rome metro, writes Robert Graham in Rome.

Turkish PM seeks boost on US visit

By John Murray-Brown in Ankara

TURKEY'S prime minister, Mrs Tansu Çiller, yesterday arrived in the United States in need of a foreign policy boost to her flagging fortunes at home.

More than her predecessor President Suleyman Demirel, Mrs Çiller has stressed the economic aspects of Turkey's foreign relations. In talks with President Bill Clinton today, Mrs Çiller will be urging US support for an exceptional lifting of United Nations sanctions against Iraq to allow the oil pipeline that runs through Turkey to re-open.

Turkey is seeking compensation for the loss of toll tariffs, estimated at \$20m (£13.2m) a month, from the closure of the pipeline. Western diplomats in Ankara, however, warn that the administration is unlikely to change its position.

Also on the agenda will be the deteriorating situation in Somalia, where Turkey provides the commander of the United Nations peacekeeping force and contributes 300 troops to the operation. Turkey is understood to be hesitant to commit more soldiers as requested by Mr Frank Wisner, US defence under-secretary, during a visit to Ankara.

More broadly, Mrs Çiller, who is often portrayed at home with a "made in America" tag, will be looking to the US for support for her economic reforms, a more explicit denouncement of Kurdish separatist violence and a measured endorsement of Turkey's importance to US strategic interests in the region. The Clinton administration is said to support a greater Turkish role in the Middle East. From Washington, Turkey is increasingly seen as playing a dual role of containment of Iranian fundamentalism, and of President Saddam Hussein in Baghdad.

Already, Turkey has shifted its policy on Iraq. It continues to provide bases for allied aircraft to police the no-fly zone in northern Iraq, where Iraqi Kurds have established a *de facto* state since the end of the Gulf war.

But Turkey is also improving strained ties with Iraq and is the only member of the allied coalition to have reopened its Baghdad embassy.

With the US keen to upgrade its security ties with Turkey, Mrs Çiller may receive a more sympathetic hearing to her request for more flexible terms on Turkey's military equipment purchases. Turkey is the largest recipient of US military assistance after Israel and Egypt. Last year it amounted to about \$500m.

Mrs Çiller faces a testing visit. More than previous Turkish leaders, she seems vulnerable to the charge of US patronage. A former lecturer at the University of Connecticut in the 1980s, she was even alleged by her opponents to have had considered taking US citizenship – a charge she strongly denied when entering office in June as the new leader of the centre-right True Path party.

UN set to 'take' bridge in Bosnia

By Laura Silber in Sarajevo

BRITISH engineers are preparing to begin repairs to a key bridge in Bosnia to open up relief routes before winter in what the United Nations has described as its biggest and most dangerous humanitarian operation to date.

The team of engineers will spend six weeks repairing the bridge over the River Neretva, which at one point runs through the city of Mostar. Moslem and Croat forces are locked in a battle for control of the region's strategic river valley.

Repairs to the bridge would reopen an important lifeline into central Bosnia.

Colonel Bill Aikman, spokesman for the UN peacekeeping force, said once the area around the bridge was secured "we are going to defend it". He said he would not preclude the calling in of air strikes if his team were attacked.

The UN's Spanish battalion today will start to advance on the valley, accompanied by engineers, to secure the bridge, partially destroyed by Bosnian Croat forces in May.

Despite threats and numerous violations, Nato fighter aircraft policing a ban on flights over Bosnia, in force since last October, have never launched a single air strike. General Ratko Mladic, Bosnian Serb military commander, has brazenly flouted the no-fly zone.

While leaders of all three ethnic communities on July 30 agreed to allow the free passage of aid convoys, Serb and Croat forces have repeatedly blocked the delivery of aid to besieged Moslem enclaves.

Russia's breadwinners and losers

The needy are replacing grain producers in the pecking order, writes Leyla Boulton

RUSSIA today enters a brave new world of freed bread prices in a reform that switches subsidies from inefficient grain producers to impoverished consumers.

A likely tripling in prices will be softened with a monthly bread subsidy of Rbs1,400 for about 60m people - almost a third of Russia's population. The subsidy is enough to buy at least four loaves a month at prices expected to jump from Rbs100 to about Rbs300-400.

Natalya is an office manager on a monthly salary of Rbs50,000. "The new price will be a noose around our neck," she complained, pausing in front of the bread shelves at a Moscow grocery store yesterday. Tamara, a house-painter earning three times as much, shrugged cheerfully. "We'll continue eating bread whatever happens. Otherwise we'll stop existing."

Today's price reform is "not an experiment", says Mr Yevgeny Tiurin, vice-president of Roskhlebprodukt, the state grain purchasing agency. "It is the introduction of a normal system."

Roskhlebprodukt is responsible for delivering grain from the state farms to big cities, the army, and regions which do not produce their own grain. Until now one of its main functions has been to "squeeze" the Finance Ministry for subsidies to make up the difference between the price at which farms sell grain and the artificially low price charged to flour-mills and bread-baking enterprises. These have been respectively Rbs80,000 and Rbs24,000 per tonne of grain.

Ms Liudmila Vronina, the official at the Social Welfare Ministry responsible for the new system, says the subsidies to help the poorest members of society to buy bread at free prices are already up and running in many parts of the country, including Moscow. The monthly subsidy will be automatically added to all pensions, and is also being given to all unemployed, invalids, army officers' wives (as part of the Yeltsin government's policy to keep the army on side), students, and children, regardless of their background.

Working Russians earning less than Rbs14,620 – the minimum pension level, as the authorities have no other means of measuring the minimum subsistence level – will also qualify.

For the government's hard-pressed budget, it should mean a big reduction – up to two thirds – in bread-related subsidies and, Mr Boris Fyodorov, the finance minister, hopes, a reduction of wasted funds and inefficiency. The total savings on the bread subsidy reform, had it been in effect from the beginning of the year, could have been as high as Rbs700bn at current prices. The expected budget deficit this year is Rbs20trillion.

In another reform move, the government plans to do away with a make-believe credit system for farming. Instead of cheap credits – money printed by the central bank which is never repaid by borrowers – it wants to switch to straight subsidies for farming to finance fuel and other farm inputs.

Mr Fyodorov says that credits for agriculture and Russia's remote northern regions, which buy all their food produce ahead of the winter, when transport becomes virtually impossible, account for two-thirds of subsidised central bank credits.

Politically, these moves will anger a state farm lobby which has depended heavily on guaranteed grain prices for surviving without genuine economic reforms.

But the government says it has nothing to lose from a section of the population which will vote against its policies whatever it does.

The reform is also expected to make it profitable for bakeries to sell bread. To prevent them from selling clothes, drinks and cigarettes at profitable prices instead of unprofitable bread, the government has told them they must continue selling bread for three years after privatisation. Most shops in Moscow and many other parts of the country have already been privatised.

Reuter

Muscovites queuing for bread before today's freeing of prices, which will triple the cost of a loaf

Kurdish violence forces Mobil to halt its operations

By John Murray Brown

MOBIL Oil of the US has suspended operations in Turkey's south-east region after a series of violent attacks and attempts at extortion by the rebel Kurdish Workers' party (PKK).

The decision, which follows the kidnapping in August of seven local staff, underlines the growing instability in the Kurdish-speaking area, where the PKK is fighting a violent campaign for independence. The men were subsequently released.

Mobil said it was no longer prepared to put its employees at risk and would not meet the extortion demands by the PKK.

The latest incident, on a rig near the refinery town of Batman, followed four earlier attacks. In one incident, three Mobil engineers were singled out and shot by rebels of the PKK. "It is clear that it is Mobil the company that is now under active threat," said Mr Roy Johnson, Mobil's production manager for Turkey.

Turkey's domestic production, although still small, accounts for around 20 per cent of its crude needs, according to industry sources.

The Kurdish region is by the far the most important production region, with TPAO, the state oil exploration company, producing around 56,000 barrels a day. The other main producer, with around 14,000 b/d, is Shell, the UK-Dutch oil major. Company officials say Shell's rig near Batman has been attacked twice in the last year.

EC warning on cost of medicines

GOVERNMENT price controls on medicines have not worked and should be abolished, Mr Martin Bangemann, the European Community's industry commissioner, said yesterday, Reuter reports from Brussels.

"Free pricing is not only good for normal products and services, it is also good for products and services in health care," Mr Bangemann said at a reception sponsored by the European Proprietary Medicines Manufacturers' Association.

Pricing should be separated from the question of social security reimbursements, he said, and low-income citizens should be protected through other arrangements.

Mr Bangemann is drafting an EC Commission report on pricing in the pharmaceutical industry.

EBRD loan for Poland

THE European Bank for Reconstruction and Development plans to lend \$1bn (£600m) to support the privatisation of Polish companies, its deputy president said yesterday after talks with government officials, Reuter reports from Warsaw.

Mr Ronald Freeman said the London-based bank, set up to foster free-market economies in the former Soviet bloc, was optimistic about the future of the privatisation process despite the victory of left-wing parties in elections last month.

The EBRD is also expected to grant Poland a \$200m loan to recapitalise its biggest insurance company, PZU. A final agreement is expected soon.

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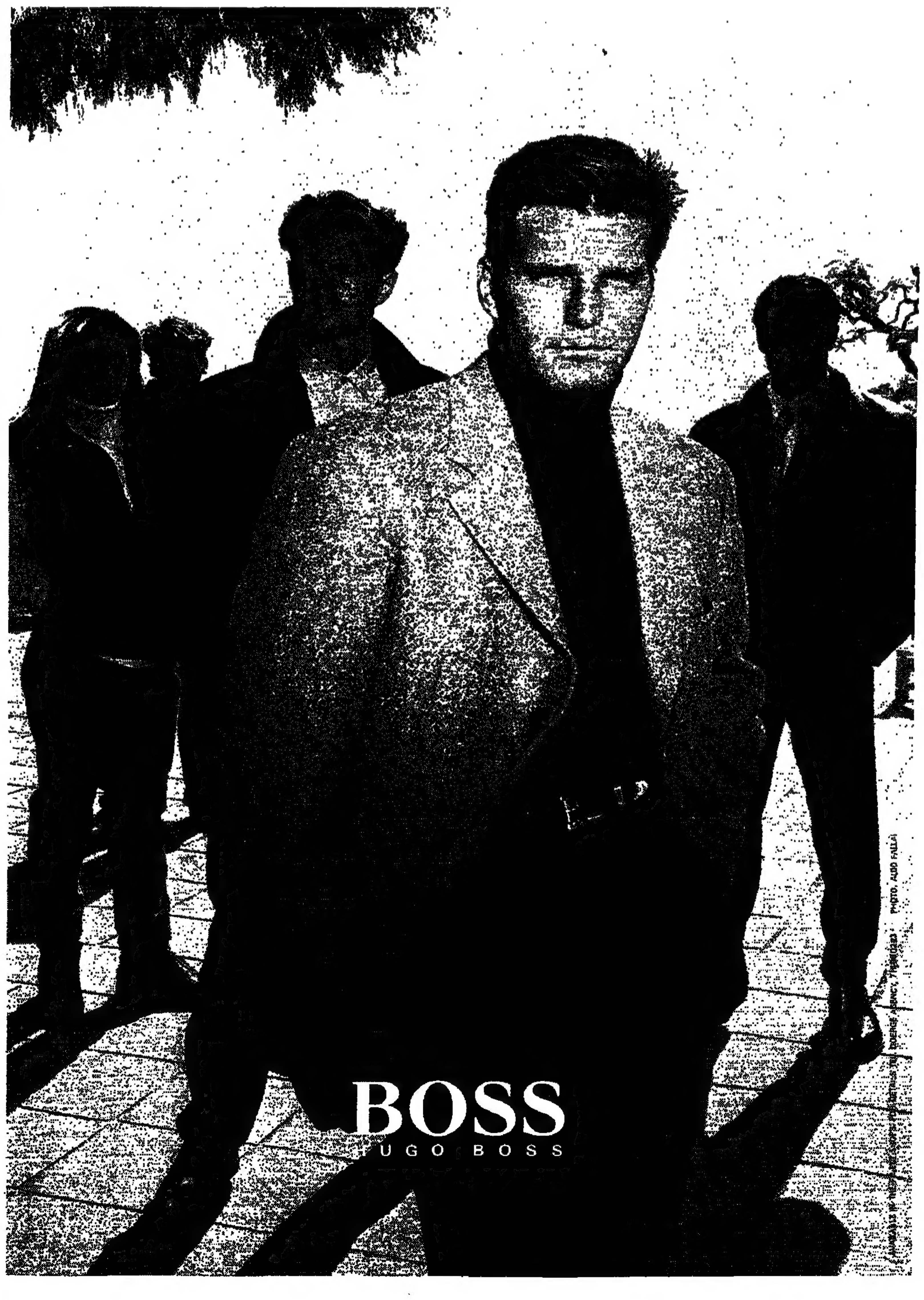


Israelis urged to free Palestinians

By Julian Ozanne in Taba

ISRAELI and Palestinian peacemakers hammered out a comprehensive agenda on security and civilian issues to implement a framework peace agreement yesterday and set up a sub-committee to decide the fate of up to 11,500 Israeli-held Palestinian prisoners.

On the second day of talks at the Egyptian Red Sea resort of Taba, the Palestinian delegation, led by Mr Nabil Shaath, pressed the Israelis for the quick release of Palestinian prisoners. The Israelis refused to grant a Palestinian demand for a separate committee or to make an immediate gesture of releasing some prisoners, but agreed to establish a sub-committee dubbed "confidence-building measures" to deliberate on prisoners, deportees and fugitives.

"We expect decisions on prisoners as soon as possible," said Mr Ahmed Khalili, a strategic and security expert on the Palestinian delegation. "We expect gestures as soon as possible. The Israelis understand the urgency of the matter."

Both sides also agreed an agenda for the talks, which resume in Taba next Wednesday, but refused to make it public after the Israelis objected. Among the items which are known to be on the agenda are the smooth transfer of power from the Israeli military administration in the occupied territories to a Palestinian authority; the territorial delimiting of the Jericho area from which Israeli troops will withdraw; rights of passage for Jewish settlers through Palestinian-controlled areas and for Palestinians through Israeli-controlled areas, especially border crossings to Egypt and Jordan; and the timetable for Israeli military withdrawal from Jericho and Gaza.

In a joint statement issued late yesterday by Gen Uzi Dayan, deputy head of the Israeli delegation, both sides stressed the "positive atmosphere" of the talks.

Many observers said the success, so far, of the talks was largely due to the extraordinary relationship established early on between Mr Shaath and Gen Amnon Shahak, the head of the Israeli delegation, and their willingness to quickly smooth over differences and present a unified public front to the press. Both men broke off talks yesterday to stroll along the beach and chat at a picnic table.

"We came here to work and to talk, to get the work done and to get down to business and we have started," said Gen Dayan. "We came to make friends and I hope it can show that already we started to be friends and I hope and wish we shall make peace."

Both sides said the two days of talks had been remarkable for getting through a long list of procedural details allowing substantive issues to be worked on from next Wednesday. Under the framework peace agreement both sides must agree a protocol for Israeli military withdrawal from Jericho and Gaza by December 13.

Pro-Arafat loyalists demonstrate in a camp in Lebanon where their commander opposes peace Reuter

Ruling council chosen in Malawi

By Nick Young in Lilongwe

OPPOSITION leaders in Malawi yesterday gave qualified approval to the appointment of a three-man presidential council to take over executive authority.

The appointment appears to mark the effective end of the rule of President Hastings Banda, who is in South Africa recovering from a brain operation which was carried out 10 days ago.

Mr Gwanda Chakuamba, who was appointed secretary-general of the ruling Malawi Congress party only last week, heads the council.

Its other two members are Mr John Tembo and Mr Robson Chirwa, both cabinet ministers.

Spokesmen for opposition parties represented on a National Consultative Council (NCC), which is negotiating an election timetable and procedure with the government, have supported the decision to form a presidential council as a necessary interim measure.

But they claim that the NCC has an agreement with the government according to which the presidential council will reconvene parliament within seven days.

They also say it is pledged to amend the constitution to allow a neutral, caretaker president, with limited powers, to hold office until elections in May.

Mr Chakuamba, a former government minister imprisoned on charges of sedition in 1980, was granted an amnesty in July.

The amnesty followed a referendum in which a majority voted to switch to a multi-party political system. Before his elevation to the key post in the party, Mr Chakuamba had been actively lobbying on behalf of opposition groups.

Referring to the pledges, Mr Mordecai Msisha, for the Alliance for Democracy, said: "If they don't do this, there will be a crisis".

However, in an interview with the FT yesterday, Mr Chakuamba denied that any specific undertaking had been made. While recognising that "the NCC has a major role to play", he claimed: "I have not looked at their proposals yet".

Asked whether the presidential council would reconvene parliament to amend the constitution, he said the triumvirate had not yet had an opportunity to discuss the matter, since Mr Tembo was in South Africa with Dr Banda.

Reports from the clinic where Dr Banda is recuperating say his progress is satisfactory.

Arrest in Pepsi's numbers nightmare

By Jose Galang in Manila

PHILIPPINES police have arrested a leader of a group pursuing claims on sizeable cash prizes in a Pepsi-Cola numbers game promotion that the soft-drinks company has refused to pay.

Mr Ferdinand Eslabon, president of the so-called "United 349", was arrested by National Bureau of Investigation agents on suspicion of involvement in a series of bombing attacks on local Pepsi plants and retail outlets five months ago.

In February last year, Pepsi-Cola Products Philippines, the local bottler of Pepsi soft drinks, launched "Number Fever", a sales promotion that promised cash prizes of up to Pesos 1m to holders of Pepsi bottle caps bearing three-digit numbers that are declared winners on certain days.

The campaign was to have run until May 8 1992, but was extended by another four weeks, because, Pepsi officials said, of its tremendous success in boosting sales. Company officials said Pepsi's market share rose by five percentage points to 25 per cent during the period.

During the extension, however, the winning number 349 was announced on May 22 1992. That turned the huge marketing success into a nightmare as hundreds of individuals turned up at Pepsi plants claiming prizes for their "349" bottle crowns.

Pepsi refused to redeem most of these caps, saying that only those with the winning number 349 and "authenticated security codes" printed in the cap would be paid. About 600,000 caps with the number 349, according to the company, were distributed as a result of "a computer glitch".

Outraged holders of "349" crowns soon massed at Pepsi plants nationwide, in some cases disrupting deliveries, and leading to the birth of a number of organisations among the "349" holders, including "United 349", some of which pursued claims in court. Of more than 10,000 court cases filed against Pepsi, 7,400 have been dismissed.

Pepsi officials also note that 18 crowns with the "349" and the authenticated security code have actually been awarded prizes of varying sums indicated in the crown.

Also, the company offered Pesos 500 as a "goodwill gesture" to holders of non-winning "349" caps. Some 500,000 individuals are reported to have been paid about $9m (£5.9m) under that offer. No negotiations are being conducted by Pepsi's parent company in New York.

Two guilty of Hani murder

By Philip Gawith in Johannesburg

MR Clive Derby-Lewis, a prominent right-wing politician, and Mr Janus Walus, a Polish immigrant, were yesterday convicted of murdering Chris Hani, the prominent South African black leader.

Mr Justice C.F. "Frikkie" Eloff found Mr Derby-Lewis's wife Gaye not guilty on all counts. The three were charged with murdering Mr Hani, conspiring to murder him and eight others, and illegal possession of a firearm.

The eight included Mr Nelson Mandela, president of the African National Congress, Mr Joe Slovo, chairman of the South African Communist party, Judge Richard Goldstone, who heads an investigation into political violence, Mr Ken Owen, editor of the Sunday Times, and Mr Pik Botha, the foreign minister.

A large crowd gathered outside the court dancing, waving placards and chanting the controversial slogan "Kill the Boer, Kill the farmer".

The death of Mr Hani – found by an opinion poll earlier this year to be the most popular South African after Mr Mandela – brought the country to a virtual standstill for 10 days as politicians and police struggled to control the anger of his supporters.

Mitterrand to press Saudis on oil threats

By Eric Watkins in Sanaa

FRENCH President François Mitterrand, who generally declines to call himself a businessman, will have business very much on his mind when he arrives in Riyadh today for a one-day visit.

With a French trade imbalance of nearly $1bn favouring Saudi Arabia in 1992, Mr Mitterrand will be promoting his country's goods, including Airbus and a wide array of military hardware. And, as one of the Saudis' chief allies in the Gulf war, Mr Mitterrand can expect an attentive hearing.

Mr Mitterrand, who on Monday visits Yemen, Riyadh's main political rival on the Arabian peninsula, will wish to discuss with the Saudis their recent threats to French oil interests in Yemen.

In May 1992 and again in August this year, Saudi Arabia sent letters to western oil companies in Yemen, including France's Société Nationale Elf Aquitaine, warning them against operating along the border between the two countries, in dispute since 1934.

Though most companies have ignored the warning, and continued their work, BP and Petro-Canada – citing purely geological reasons – have since relinquished their licences for exploration in the contested regions.

Mr Mitterrand may also be concerned about a much more recent disruption of French oil interests in Yemen.

In April Total, the French oil giant, declared a 12,000 b/d find at its concession in East Shabwa and, on the basis of other finds, may soon declare it commercially viable. But in early September, Total's drilling camp in East Shabwa was attacked. A Yemeni guard died and several others were wounded.

Total has since suspended its operations at the site and there are worries among Yemenis that the company may withdraw altogether as a result of the attack. Total officials confirm temporary suspension of their work in East Shabwa, but deny they have any intention of invoking force majeur to end their operations in the country.

While many people have blamed local tribes for the attack on Total, western security experts say the raid was untypical of Yemeni tribesmen.

"It was too well organised," one security expert said, "and not at all characteristic of Yemeni tribal tactics. The camp had been thoroughly reconnoitred, three armed men entered, knocked out the radio room, disabled the company's aeroplane, and retreated under covering fire from at least 40 men in the surrounding hills."

Tribal difficulties of a more typical kind took place in April when tribesmen kidnapped six Total employees at gunpoint to put pressure on the company into employing their kinsmen. The hostages were later released unharmed after Total agreed to provide the tribe with 85 jobs.

Also typical was the experience of the Dallas-based Hunt oil company in July 1992 when tribesmen seized its general manager and six other workers to use as bargaining chips in a dispute with the Yemeni government. After peaceful negotiations, all seven were released.

Mr Mitterrand will be concerned to have assurances from Riyadh that French oil interests in Yemen can proceed without any further Saudi threats or disturbances.

On Monday Mr Mitterrand will become the first western head of state to visit Yemen since its parliamentary elections on April 27.

Now seen as a potential model for democratic change in the region and a threat to the Saudi monarchy, Yemen will be looking for a political seal of approval from Mr Mitterrand. The degree of his approval, however, may well depend on the strength of assurances he receives in Riyadh.

Sri Lanka's military stalks Jaffna

Richard Cowper on army hopes of an end to rebel control of the northern peninsula

SRI LANKA'S military top brass, angered by months of political prevarication and the assassination in May of President Ranasinghe Premadasa, say they now have the go-ahead to regain the rebel-held northern peninsula of Jaffna.

Of course, no one will say when the main offensive – across the war-torn area that is also home to about 600,000 Tamil civilians – will be launched, but army commanders hint that it is likely to be in the new year.

The over-stretched Sri Lankan army, well below strength from casualties and injuries in a war that has claimed 32,000 lives since 1983, has been rapidly rebuilding. Some 10,000 new recruits are in training to join the 80,000 already under arms. The target is 100,000.

The military plans to purchase helicopter gunships, landing craft and fast patrol boats in preparation for the big push.

A number of preparatory tactical thrusts may already have begun. Earlier this month 4,000 soldiers, backed by tanks, fighter jets and gunboats, launched an operation to destroy the Tamil Tiger (LTTE) rebels' main port on the Jaffna lagoon which is used to bypass the army land blockade.

Setting off from their strategic army base at Elephant Pass – which seals off the largely guerrilla-held Jaffna Peninsula from the mainland – the government troops thrust north. But on the second day they were caught by surprise in a murderous crossfire from 1,000 well-dug-in Tamil Tigers.

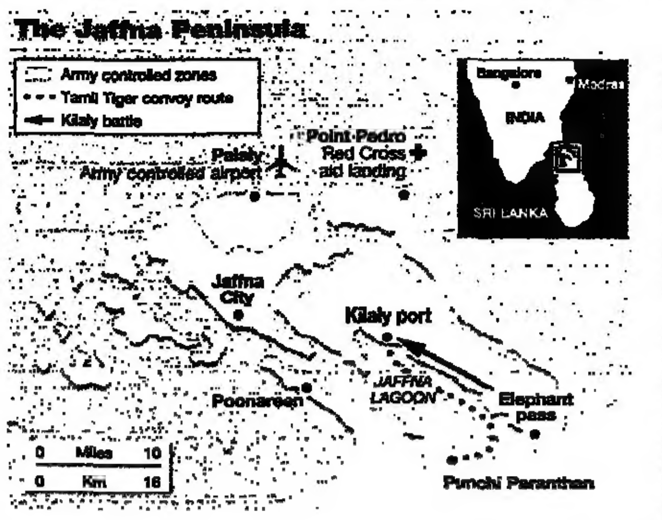
In a pitched battle, involving dozens of women and some of the fiercest hand-to-hand fighting of the war, the army lost 118 men and killed at least 150 guerrillas. The soldiers held their ground and went on to destroy the port of Kilaly before returning to base.

Senior commanders are optimistic they will be ready to take Jaffna soon – after all, they say, it is a comparatively tiny piece of land just 50 miles long and 20 miles wide.

Others believe this is wishful thinking. The Sri Lankan armed forces lost their most experienced commanders in a land mine explosion more than a year ago and, it is argued, is no match for the fanatical and tightly organised Tamil Tigers.

The guerrillas, whose well armed and trained members in the north may amount to just a few thousand, were able to defeat 120,000 Indian troops in the late 1980s.

They are so single-minded that every combatant carries a cyanide pill around the neck, which they swallow rather than allow themselves to be taken alive.



The group is led by Velupillai Prabhakaran, an autocrat, one of the world's most wanted terrorists and a brilliant military strategist who commands almost religious obedience from his fighters.

Mr S T Hondaman, Sri Lanka's most famous Tamil and a minister in every cabinet since 1978, is not convinced that the army will go in. "They have been saying they will take Jaffna for years. In the latest offensive, what happened? They withdrew," he says.

Many in the government, however, say the impossibility of negotiating with Mr Prabhakaran has at last persuaded the cabinet it has no alternative but to go all-out for the military option.

The final straw is said to have come in May when a Tamil suicide bomber with explosive strapped round his waist, assassinated President Premadasa at a political rally in Colombo.

His successor, President D.B. Wijetunge, has publicly vowed to crush terrorism.

"There is no ethnic problem in the north, only terrorism," he says.

Success over the past 12 months in reducing terrorist control in the country's Eastern province could free thousands of Sri Lankan troops for operations in the north.

In addition there is some evidence of growing Tamil resentment of the LTTE's iron grip on the lives and pockets of inhabitants in the Jaffna Peninsula.

These have added to Colombo's belief that the time is right for military action. The fallout, should the army defeat the guerrillas and regain control of the peninsula in a relatively short period, is unclear. The biggest fear is that the price which may have to be paid in terms of loss of life, foreign investor confidence and international opprobrium may be more than the country can bear.

Says one International Red Cross official who regularly goes to Jaffna: "If the army besieges the city of Jaffna with its half-million citizens and leaves the Tigers no escape route it will be murderous hand-to-hand fighting with civilians caught in the middle. Many thousands of non-combatants will die. The best we can hope for is that the population will be able to go to designated safe areas and that the LTTE will be allowed to retreat southward into the jungle."

20m on brink of starvation

By Michael Holman

THE lives of 20m people in Africa are poised "on a knife edge between life and death" and many will die without emergency aid, a group of seven leading British aid agencies warned yesterday.

The London-based Disasters Emergency Committee (DEC) which is co-ordinating an appeal for assistance, said at a press conference yesterday that war in 10 countries "has left millions of people homeless, struggling to survive in appalling conditions where sickness and disease are rife. Many people are on the edge of starvation and in need of urgent help".

The committee said starvation threatened 2m people in southern Sudan and 1,000 people were dying every day in Angola. Other countries hit by war or caught in its aftermath are Zaire, Liberia, Mozambique, Ethiopia, Eritrea, Somalia, Sierra Leone and Rwanda. The agencies represented by the committee are: Actionaid, The British Red Cross, CAFOD, Christian Aid, Help the Aged, Oxfam and Save the Children.

Cheques payable to "Africa on a Knife-Edge Appeal". Box 999, London EC4A 2AA

Egyptian cabinet reshuffle completed

By Mark Nicholson in Cairo

MR ATEF SIKDI, Egypt's prime minister, yesterday completed a cabinet reshuffle, shifting 15 ministers and dropping 11 from the 34-strong government, but leaving the powerful defence, interior and central economic portfolios unchanged.

The reshuffle, Egypt's first for two years, follows the former cabinet's formal resignation on this week's opening of President Hosni Mubarak's third six-year term as head of state.

The change keeps largely intact the team that has overseen the first stages of International Monetary Fund and World Bank economic reforms, with Mr Atef Obeid, cabinet affairs minister, Mr Mohammed al-Razzaz, finance minister, and Mr Kemal al-Ganzoury, planning minister, all staying put.

Mr Yousef Boutros Ghali will remain a key interlocutor in the IMF and World Bank negotiations, moving from a ministry of state to that of international co-operation. However, Mr Mahmoud Mohamed Mahmoud, a banker, replaces Mr Yousry Moustafa as minister of economy and foreign trade. Mr Fouad Sultan, tourism minister, is replaced by Mr Mamdouh Beltagui, formerly head of state information services.

Mr Sidki, who has served as prime minister since 1986, said on Wednesday that Mr Ismail Hassan, chairman of the Bank of Alexandria, would replace Mr Mohammed Salheddin Hamid as governor of the central bank. Eleven ministers are unchanged, including defence, energy, information, interior, foreign affairs, culture, justice, and petroleum. New portfolios have been created for population, immigration, and housing, and one for "follow up" – a post so far ill-defined.

Diplomats, economists and independent political commentators suggested the changes, though numerous, did not signal any fundamental deviation from Mr Mubarak's cautious approach to economic and political reforms. "The basic characteristic of this is continuity; they don't want to do anything drastic," one political analyst said.

Keating to act on Aborigine land rights

By Nikki Tait in Sydney

MR Paul Keating, the Australian prime minister, is to present draft legislation to his cabinet on Monday setting out a system for deciding land claims lodged by Aborigine groups.

The legislation could then be delivered to parliament in a matter of weeks.

In Canberra yesterday, Mr Keating said the proposed legislation would allow Aborigine groups to choose either federal or state jurisdictions, recognised by the Commonwealth, for the hearing of native title claims.

Some states had argued that all native title decisions should lie in their hands. However, Mr Keating added that decisions over the economic use of native title land would remain exclusively with Commonwealth-approved state tribunals.

"Existing grants of interest will be validated and be secure, and the states and territories will continue to have the capacity to manage land if they meet the standards of the Commonwealth bill," he said.

Mr Keating indicated that native title could, under the government's legislation, co-exist with some existing leasehold titles, but he did not detail which leases would come under this category. Aborigine groups have been pushing to extend an earlier proposal that mining leases should be the only significant class of leases not to extinguish native title. They have been seeking to ensure that native title could sit alongside pastoral, tourism or forestry leases, and revive once these expired.

The issue of Aborigine land rights has been contentious for the past 18 months. In May 1992, the High Court quashed the notion that Australia had been unoccupied before European settlement and indicated that native title could apply where Aborigines had maintained close association with the land.

This prompted an outcry from the mining industry, generated concerns among international investors and pitted some state governments against the Commonwealth.

NEWS: WORLD TRADE

Audio-visual trade fears 'unfounded'

By Frances Williams in Geneva

MR Peter Sutherland, director-general of the General Agreement on Tariffs and Trade, yesterday sought to allay the loudly-voiced fears of European broadcasters and film-makers that inclusion of audio-visual services in a world trade agreement would destroy their industry.

He said in a statement that the debate on the potential effect on the audio-visual sector of the Uruguay Round global trade talks was proceeding on the basis of "some serious misunderstandings".

"The big question is, does anything in the Uruguay Round require that the European market be opened up to such an extent that European – and particularly, non-English-language – film-making will be destroyed? The answer has to be a resounding 'no'."

There was nothing in the proposed services accord that envisaged deregulation, let alone total deregulation, of any sector and there was nothing to prevent governments from subsidising films and other audio-visual projects, he said.

Mr Sutherland's unusual intervention reflects Gatt's anxieties that the Uruguay Round services agreement is being inaccurately targeted for criticism in what is essentially a bilateral argument between the US and the European Community.

Under the draft services agreement, countries bargain with one another on which sectors they will liberalise and by how much. In these negotiations the US has called for the scrapping of European quotas on foreign broadcasting material and films, which it says unfairly restrict sales by American producers. France and other European nations argue that the quotas are needed to preserve Europe's culture and values from wholesale takeover by Hollywood.

The US film and television industry, the country's second biggest export industry after aircraft, has a turnover of about \$40bn (£26.4bn) a year and represents about 40 per cent of the world market. Exports to the EC amounted to \$3.6bn in 1992, against EC exports to the US market of \$288m, and American films account for over 70 per cent of European box-office takings.

France has pressed for audio-visual services to be excluded altogether from any Uruguay Round accord. However, most EC member states and Sir Leon Brittan, the European Community's trade commissioner, favour the sector's inclusion with special treatment in recognition of its "cultural specificity". Mr Sutherland said yesterday that a general cultural exception had already been considered in the Uruguay Round negotiations and rejected.

Gatt poker is turned into blame game

David Buchan on France's potentially scuppering tactics in Uruguay Round

"WE ARE in a poker game," Mr Gérard Longuet, France's trade and industry minister, said of the Uruguay Round of world trade negotiations yesterday. "Virtually everyone is agreed to finish the card game before the night is out, but nothing is definitive until the last trick is played."

This optimistic gloss still portrays the negotiations under the General Agreement on Tariffs and Trade as a game of bluff and counterbluff between France and its fellow Europeans and the Americans. The deadline for the round will be respected through the talks somehow ending in agreement during the night of December 14-15.

In an attempt to sneak a look at each other's hand and perhaps break the stalemate, Mr Longuet and Mr Mickey Kantor, the US trade representative, were due to meet in Brussels last night.

But what German Chancellor Helmut Kohl in Paris on Wednesday night called "American inflexibility and French rigidity" looks just as much like genuine deadlock. Mr Kantor was giving Brussels a flat no to the French-inspired request for a revision of last year's transatlantic deal on farm trade at exactly the same time as French prime minister Edouard Balladur was getting a standing ovation from his massive parliamentary majority for refusing to accept it.

Longuet: "nothing is definite until the last trick" Trevor Humphries

Regardless of the change in government, the scene in the National Assembly was the same as a year ago. The prime minister calls for national unity in defence of French agriculture, he fails to get it only to the degree that the opposition criticises him for not being tough enough, and the parliament behaves – in the words of one deputy on Wednesday – "like a convention of farmers".

The big difference this year, though, is the threat of a serious crisis within the EC if France is seen to be the wrecker of the entire Uruguay Round. This is why Mr Kohl came to Paris not only to warn France against protectionism but to offer to mediate between Paris and Washington.

In fact, Mr Balladur is well aware of the European stakes that ride on his ability to finesse a Gatt accord. His chief Gatt expert is also in charge of EC policy. In addition, Mr Balladur convenes a weekly meeting of some seven ministers to decide the government's Gatt tactics. For what France is playing is a blame game with the US and Cairns group of farm produce-exporting countries. Each side wants to pin any responsibility for scuppering the entire Uruguay Round on the other.

This explains Mr Balladur's semi-retreat this week from his ministers' suggestion for an interim Gatt deal by mid-December, leaving arguments about agriculture and culture to be settled later. But the idea was refused by the US, and (more important for France) criticised within the EC because it was seen to be too naked a way of reviving France's old demand for agriculture to be kept out of Gatt.

France would love the US to propose an interim Gatt deal, shorn, of course, of agriculture. Mr Balladur told the National Assembly that France was ready to accept a partial deal, if "certain partners were to propose it". In an interview yesterday, Mr Longuet spelled out Paris's reasoning why it would be in US self-interest to take this initiative.

"We understand why the US might not be able to obtain its very important agreement on a North American Free Trade Agreement, and to reform its health system at home, while negotiating a full world trade agreement at the same time," he said. "The salami has to be eaten in slices." The beauty of this Cartesian logic is clearly, however, not appreciated in Washington.

What would Paris like to see in an interim Gatt accord? "Some commitment to reforming Gatt into a proper multilateral trade organisation [MTO], the progress that has been made on market access [tariff cuts], and some concession on culture," suggests Mr Longuet.

How could an MTO be set up before a complete Gatt accord? And how could the world agree on trade disciplines and sanctions in an MTO before it had agreed on a new set of trade rules?

"If we can obtain the commitment, the procedure, then we can get agreement on the substance," replies Mr Longuet, pointing to the way the EC itself has evolved.

A growing number of France's politicians and businessmen are, in fact, ready to list in public the general advantages of a Gatt deal for the world's fourth biggest exporter. "We have 6 per cent of world trade, but less than half that share in south-east Asia," says Mr Longuet. "We need, through Gatt, better access to these fast-growing markets."

But very few Frenchmen will concede in public that these advantages outweigh any costs to French farmers. One lone exception is Mr Patrick Devedjian, an RPR Gaullist deputy, but he had his report in support of free trade killed in committee this week. Yet, if Mr Devedjian is to gain any converts among his 576 fellow deputies, Washington will have to concede something on agriculture.

PowerGen may quit E German mine deal

By Judy Dempsey in Berlin

THE Anglo-American consortium which is poised to break into eastern Germany's energy industry must decide by today if it will accept the deal to buy the country's second largest brown coal field.

The Treuhand privatisation agency has set this deadline amid concerns that Britain's PowerGen, a big partner in the consortium, is reconsidering its stake in the mining operation.

PowerGen's board agreed to the contract on Wednesday to acquire a 40 per cent stake in a power generating plant at Schkopau, near Leipzig. This will give the consortium access to the high-voltage grid run by Veag, eastern Germany's main utility company, and a strategic foothold in eastern Germany's lucrative energy sector.

Schkopau will be fuelled by Mitteldeutsche Braunkohle (Mibrag), the giant lignite fields which the consortium is supposed to be buying from the Treuhand, and over which PowerGen is reported to be having second thoughts.

"It would be madness for any side to pull out at this stage," a banker involved in the negotiations said. "If PowerGen is worried that energy demand will not be sufficient to consume the amount of coal it mines, they should think again. Mibrag has secured long-term coal contracts."

NRG of Minneapolis and Morrison Knudsen of Idaho, the two other consortium partners, want to wrap up the 18 months of talks on Mibrag. "We are anxious to conclude the negotiations," an official from Morrison Knudsen said yesterday. A spokesman for PowerGen refused to comment beyond saying that the "negotiations are at an advanced stage".

Mr Jürgen Stotz, a board member of Veag, said: "If the Anglo-Americans have any doubts, it is probably about making a quick return on their investment. But in the energy sector, you have to look to the long term in terms of profits." The alternative buyer for Mibrag was Rheinbraun, the lignite mining subsidiary of RWE Energie, western Germany's largest utility.

The federal Finance Ministry and the Treuhand are anxious to open up the energy sector to outside competition, despite strong pressure from RWE and the other west German utilities. RWE argues that Mibrag should be combined with the Laubag, the other lignite fields, if the two are to be economic.

PowerGen has good personal relations at the highest level with RWE. Mr Ed Wallace, its chairman, is a member of RWE's international advisory board.

Canadian power venture for China

By Robert Gibbens in Montreal

POWER Corp of Canada, the big financial services and communications group, has linked with Hydro-Quebec and Ontario Hydro to form Asia Power, to develop large electric power projects in China and other fast-developing Asian countries.

Asia Power, owned one-third each by the partners and initially capitalised at C\$100m (£49.2m), will have headquarters in Montreal but operate from Hong Kong.

China early this year finally reversed its policy discouraging foreign investment in infrastructure, including electric power. It is desperately short of power for industrial development and estimates it needs \$25bn (£16.5bn) in foreign investment in the area over the next eight years.

Mr Paul Desmarais, chairman of Power Corp, which controls Pargesa with the Belgian Frère family, has visited China regularly since 1979 and dropped plans for a Guangdong pulp and paper mill because of lack of power.

He brought China International Trust & Investment into a big British Columbia pulp and paper project later. Power Corp now plans a China communications project with Citic.

Canada led a \$100m technical study of key parts of the \$15bn Three Gorges hydro project in China during the 1980s and Hydro-Quebec has helped design several smaller hydro projects now being built. Ontario Hydro has also played an advisory role in the Chinese energy sector.

Hydro-Quebec chairman Mr Richard Drouin said Asia Power projects would help Canadian equipment suppliers and engineering companies gain access to booming Asian economies.

Italian deal in Lebanon

THE Lebanese government has awarded a L100bn (£41m) contract to Ansaldo, the Italian state-controlled engineering group, to repair the country's power stations, writes Robert Graham from Rome.

The contract is seen as an important signal of the Lebanese government's resolve to revive the country's war-torn economy. Lebanon has three hydro- and three oil-fuelled power stations.

The project is expected to last 18 months, and when complete Lebanon will have an installed capacity of 1,100 MW. Work on the first two powers stations, in the capital Beirut and near Sidon, has already begun. Funding is coming from Italian government aid funds and Arab aid, especially from Kuwait.

Figures show US inflation in check

By Michael Prowse in Washington

THE yield on the 30-year benchmark US Treasury bond fell to a 16-year low of 5.85 per cent yesterday following reassuring news on inflation.

The Labour Department said producer prices rose 0.2 per cent last month and only 0.5 per cent in the year to September. Excluding the volatile food and energy elements, the "core" producer price index was flat last month. Analysts had expected an increase in core producer prices of as much as 0.3 per cent.

The figures indicate the modest pace of economic growth is keeping inflationary pressures well in check.

Separate data yesterday on retail sales were also encouraging. The overall increase last month was 0.1 per cent, but the gain in the year to September was 6.1 per cent. The figures are not adjusted for inflation.

Sluggish "headline" sales last month reflected a sharp drop in car sales after strong earlier gains. Excluding cars, sales were up 0.6 per cent. Sales of furniture and clothing rose 1.9 per cent and 2.1 per cent respectively last month.

Officials also revised up estimates of retail sales in July and August. Overall, the figures suggest real consumer spending grew at an annual rate of 4 per cent or more in the third quarter.

"The economy is looking very good indeed," said Mr Bruce Steinberg, a senior economist at Merrill Lynch, the financial services group. The underlying rate of economic growth was about 3 per cent and there was a "complete absence of inflation pressure."

However, he warned that fluctuations in corporate inventories, partly reflecting the impact of flooding in the Midwest, would distort growth figures in the second half. Figures for third-quarter growth to be published next week were likely to show expansion at an annual rate of 2 per cent. But fourth-quarter growth was likely to be above the trend at about 4 per cent.

Canada's politics to take on a provincial hue

Bernard Simon reports on the rise of unashamedly regionalist parties in run-up to election

IF THE opinion polls are correct, the green benches of Canada's House of Commons will be packed with a new breed of MP after the general election on October 25.

As many as a third of the 295 members will not only be newcomers, but will owe their allegiance to two new parties whose policies risk tearing their country apart.

Canadian politics has been dominated until now by three national parties – the Liberals, Progressive Conservatives and New Democrats – which have sought to balance the interests of disparate regions of the world's second-biggest country. The newcomers' loyalties however, will be to the Bloc Québecois and the Reform party, two unashamedly regional groups.

The Bloc Québecois seems set, according to the polls, to win at least 35 seats, and perhaps as many as 60. Its ultimate aim is independence for the francophone province. In the meantime, it promises to measure every initiative coming out of Ottawa against the interests of Quebec alone.

The Reform party, whose support is concentrated on the prairies and British Columbia, could win 50 seats or more. The typical Reform supporter opposes official bilingualism, scorns the civil servants in faraway Ottawa and complains that Quebec gets more than its fair share of the Canadian pie.

Reform says that it favours keeping Canada in one piece. But its terms for reshaping the federation are unacceptable to most Québecois. Mr Ken Norrie, an economics professor at the University of Alberta, says that the party's leader, Mr Preston Manning, "is making a lot of the fact that Reform are the ones to stand up to Quebec".

Of the old national parties, only the Liberals can look forward to significant representation in the new parliament. It is uncertain, however, whether they will win enough seats to form a majority government. A clear majority of Liberal MPs are also likely to be from a single province, Ontario.

The Conservatives, who have held office for the past nine years, have had a disastrous campaign under their inexperienced leader, Ms Kim Campbell. They will be lucky to form the official opposition. The left-leaning NDP, which has 43 seats, faces near-annihilation, hit by unpopular policies pursued by regional NDP governments.

In addition, its strident opposition to free trade with the US has failed to capture voters' imaginations.

Although the Liberals will almost certainly have the satisfaction of forming the next government, they face a challenge of a kind which has never before confronted a Canadian government.

"Every issue henceforth will be defined in regional terms," says Mr Donald Savois, a professor of politics at the University of Moncton in New Brunswick. "That's nothing new, but in the past it was done in caucus and around the cabinet table. Now we'll see it on the floor of the House of Commons."

Canada's make-up is already a recipe for regional jealousies and mistrust. Living in a country which spans 4½ time zones, the typical Newfoundlander or Québecois feels more at home on the beaches of Florida than in Toronto or Vancouver. Some Nova Scotians still speak Gaelic and on the Pacific coast the dominant foreign influence is Chinese as a result of a huge influx of immigrants and capital from Hong Kong.

The economic interests of different parts of the country are often poles apart. Alberta is a big oil and gas producer. But Ontario and Quebec, the most industrialised provinces, are energy consumers. Wheat farmers in Saskatchewan and Manitoba want to break down foreign trade barriers, while dairy farmers in Quebec want to maintain protection from imports.

The country is also sharply divided between the four "rich" provinces (Ontario, Quebec, British Columbia and Alberta), and the less well-off ones.

The Atlantic provinces, in particular, rely heavily on transfer payments from Ottawa. Unemployment insurance and welfare are virtually the only income at present for thousands of fishermen in Newfoundland and Nova Scotia, whose industry has been devastated by the near-collapse of North Atlantic cod stocks.

A panoply of laws and customs, not to mention Canadians' famed ability to compromise, has so far held these tensions in check.

A federal law, for instance, requires provinces to maintain minimum standards of health care without imposing user fees. Government contracts and patronage appointments are carefully balanced to avoid any appearance of favouritism.

The BQ and the Reform Party are already questioning many of these practices. Both favour a greater devolution of powers from Ottawa to the provinces.

There is no shortage of regional issues waiting to explode after the election. One of the earliest could be the politically charged struggle for survival between the two biggest airlines – Air Canada, which is based in Montreal, and Canadian Airlines International, whose operations are centred in Calgary and Vancouver.

The present Conservative government has resisted pressure from both camps to take sides.

The new government, especially if it is a minority one, will also have its hands full preparing the next federal budget. All the bigger parties have pledged some degree of fiscal restraint in an effort to contain a spiralling national debt.

But the sparks could fly when tough decisions have to be made on where the savings are to be found. Many areas of potential spending cuts, from military bases to business subsidies and unemployment insurance, have strong regional overtones.

In the remaining 10 days of the campaign the Liberals and Conservatives are expected to do everything they can to stop the build-up of support for the protest parties.

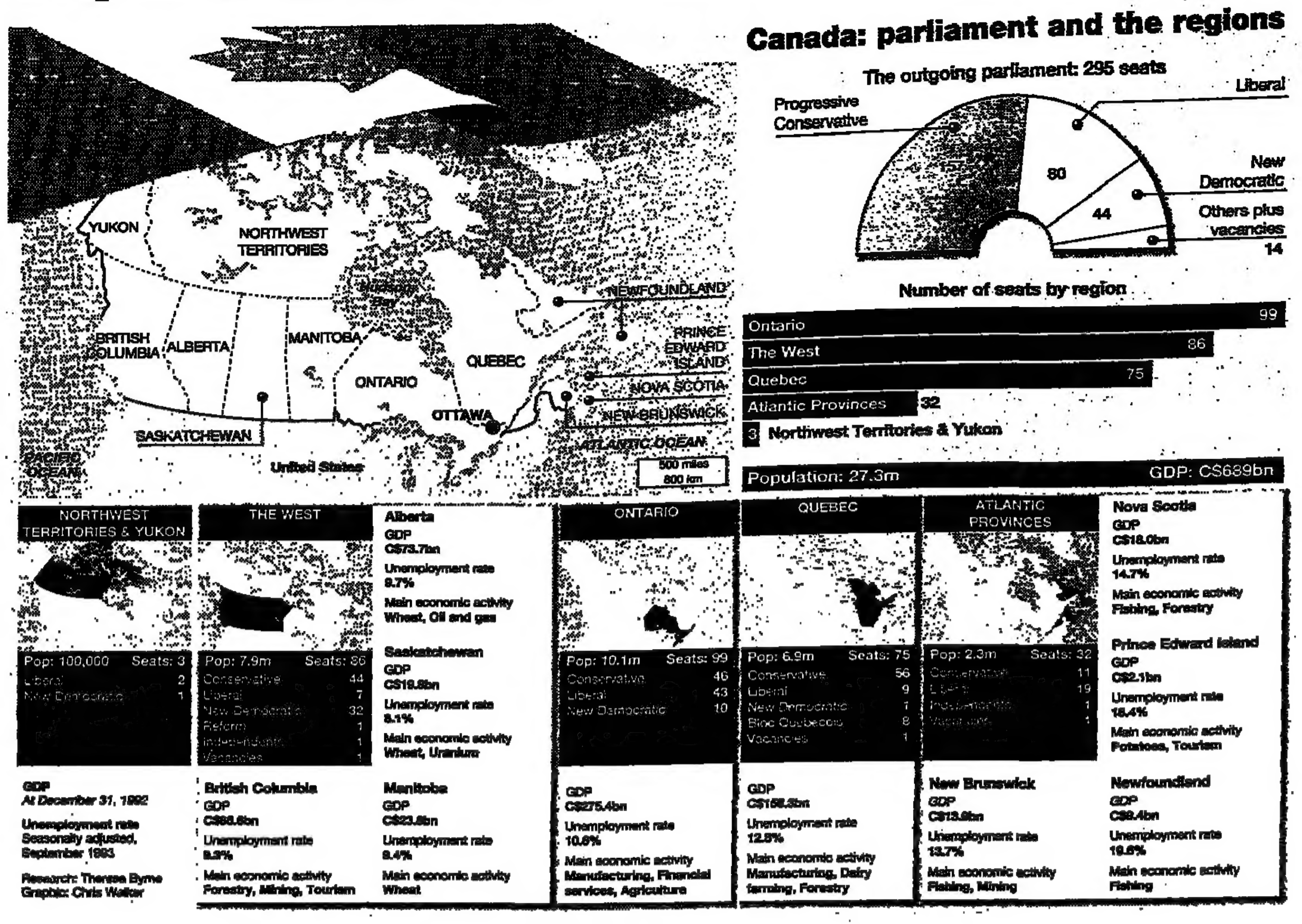
Some observers dismiss the view that a strong performance by the BQ and the Reform Party necessarily spells the beginning of the end of a united Canada.

The optimists point out that both parties are in large measure a haven for voters who simply want a change after the tough times of the past few years. The Bloc Québecois, in particular, has yet to demonstrate that most Québecois favour independence.

Furthermore, many of the two parties' neophyte MPs could be out of their depth in Ottawa. Some of them have virtually no political experience and, until a month or two ago, seemed to have little chance of being elected.

Whether the BQ and the Reform party are able to translate their expected electoral gains into more solid support for their ideologies may depend greatly on the adroitness of Mr Jean Chrétien, the Liberals' leader.

Mr Chrétien is a staunch federalist who this year celebrates his 30th anniversary as an MP. Few would dispute that he faces what Mr Norrie describes as "an absolutely hellish job" to contain regional animosities if and when he becomes prime minister.



Rio group urges rapid trade deal

By David Pilling in Santiago

LATIN AMERICAN presidents will again press for a swift conclusion to international trade negotiations and for a commitment to open access to markets when they meet today in Santiago, the Chilean capital.

The Uruguay Round is one of the main topics for debate at the annual Rio Group summit, which will host presidents from 11 Latin American states, plus a representative each from Central America and the Caribbean, this year El Salvador and Jamaica.

Latin American countries, many of which have undergone radical economic liberalisation since the mid-1980s, feel they have received scant reward. "We have been liberalising our markets without better access to markets in the developed world," said one official.

Mr Alejandro Foxley, Chile's finance minister, put it more tersely. "We are very confused and disappointed by the total failure of the Gatt negotiations and by the sad spectacle of industrialised nations doing their best not to agree on some obvious matters such as the agricultural issue," he said. "It is a task that has been postponed and swept under the rug for years."

Other topics likely to be discussed at the summit include the role of regional trading blocks, the strengthening of the region's often fragile democracies, and combating chronic poverty, which worsened sharply during the 1980s.

Somalia leaves president cautious about US role in peacekeeping forces

Clinton airs fears on UN operations

By Jurek Martin in Washington

PRESIDENT Bill Clinton asserted yesterday that US experience in Somalia had made him "more cautious" about dispatching American troops to participate in United Nations peacekeeping operations, including any in Bosnia.

He told a press conference that it would be vital to avoid "any ambiguity about what the range of decisions were which could be made by a command other than an American command with direct accountability to the US here".

This is why, he said, "I've made clear all along that any Bosnian operation would have to be operated through Nato", which had an American general as Supreme Allied Commander in Europe who "talks every day to the chairman of the joint chiefs of staff and works in very clear co-operation with the other Nato forces."

Mr Clinton did not think the experience in Haiti, where US troops were prevented from landing this week, was relevant to the broader question of peacekeeping. This was because the planned "lightly armed" US and Canadian mission there was not intended either to keep the peace or make it.

The president continued to issue tough warnings to the military regime in Haiti, implying that the US might employ a naval blockade to enforce renewed UN sanctions.

He was unable to use the world blockade, he said, because "in international law it is associated with an act of war".

But he said he was particularly concerned about the safety of Mr Robert Malval, Haiti's civilian prime minister, whom he called "a stabilising figure". It would be "a grave error", he said, "to underestimate the extent to which this country regards him as an important part of the ultimate solution."

He also dismissed reservations in the US about the democratic credentials of Mr Jean-Bertrand Aristide, the ousted president, noting that he had offered an explicit amnesty to Haiti's military and police leaders, who forced him into exile two years ago. "All I know is that in our dealings with him he has done what he said he would do."

Mr Clinton was at his most loquacious not merely in defending his own foreign policy record but also in emphasising his belief that UN peacekeeping had an important role in the world, with US contributions under the right terms.

He particularly commended the UN record in Cambodia, in which he observed there were no US peacekeepers, as the sort of model that might be applied to Somalia and elsewhere. The UN, he said, "worked through the politics of Cambodia by creating a process in which the local people had to take responsibility for their own future." He added that Bosnia was "a whole different issue" at present.

But the US on its own, though the only remaining superpower, was no more able to resolve long-standing political disputes than it was 20 and 30 years ago, an apparent reference to US involvement in Vietnam.

Reorganisation of the UN peacekeeping apparatus, whether or not it included US forces serving under US command, was vital, he said.

Mr Clinton's insistence on retaining a clear US chain of military command conforms very much with domestic political wishes. However, the president said US losses in the bloody firefight in Mogadishu at the start of this month could not be ascribed to the fact that the overall UN commander in Somalia was a Turkish general.

It seemed yesterday that attempts in the US Senate to force an earlier withdrawal from Somalia were going down to defeat.

But equally, as Mr Clinton implicitly conceded, the prospects of the US contributing to any Bosnian peacekeeping operation, under virtually any terms of engagement, are currently next to nil.

Impeachment under way for Argentine court

By John Barham in Buenos Aires

ARGENTINA'S Congress is to begin impeachment proceedings against the Supreme Court a week after Mr Domingo Cavallo, economy minister, publicly accused two of the nine-member justices of theft and corruption.

The impeachment committee of the Chamber of Deputies, the lower house of Congress, voted unanimously on Wednesday to investigate Mr Cavallo's allegations as a preliminary step to possible impeachment.

The political offensive against the Supreme Court is taking place against the background of President Carlos Menem's battle to win the backing of two-thirds of Congress to lift the constitution's ban on successive presidential terms. Mr Menem wants to continue in office after his six-year term ends in July 1995.

However, talks yesterday with the opposition Radical party broke down, making it more likely that Mr Menem will call a plebiscite next month on the issue. The government has denied charges that the court has become a bargaining chip in negotiations with the Radicals.

Opposition members of the impeachment committee want all nine justices impeached for lack of independence from the government. The Peronists only want to impeach Mr Enrique Petracchi and Mr Augusto Belluscio, the two justices accused by Mr Cavallo.


Cavallo: accusing of slander

He alleges they have benefited directly from Supreme Court rulings, notably those in which the state was ordered to pay large fees to lawyers acting on its behalf. He says fees due to lawyers in pending cases could exceed $4bn.

Both judges – who last month said pro-government Supreme Court colleagues had "stolen" a ruling against the central bank and tried to replace it with a favourable one – have issued writs against Mr Cavallo, accusing him of slander, a crime which carries jail terms of six months to three years.

Reinsurers reeling from red-line entries

By Robert Rice in New Orleans

US PRODUCT liability laws lie behind virtually all the financial troubles at present faced by the London and Lloyd's insurance markets, one of the UK's leading insurance lawyers says.

Mr David MacIntosh, senior partner of City solicitors Davies Arnold Cooper, told the International Bar Association meeting in New Orleans yesterday that the debris created by the US system was tangible.

Over 400 insurers in the US were subject to insurance company supervisions, conservatorships, rehabilitations and liquidations. Giant US corporations such as John Mansville, the asbestos manufacturer, and AH Robins, the pharmaceutical group, had been forced into Chapter 11 protection and insurers and reinsurers around the world were "reeling from red-line entries".

Too often, the goalposts of liability had been moved to the disadvantage of the insurance industry long after the risk was rated and the premium, now seen to be inadequate, had been paid.

But it was possible that over-regulation and over-protectiveness had backfired on US consumers, making the practice of medicine too defensive, closing municipal facilities which could not afford to insure, discouraging production of life-saving vaccines and wiping out so many insurance companies and Lloyd's names.

These concerns were echoed by Mr Victor Schwartz, a leading US product liability lawyer. A strong case existed for saying the US system, far from keeping bad products off the market, merely stopped development of good ones.

Attempts to pass federal legislation to curb excessive awards of punitive damages and rationalise the system had been bogged down in Congress for 13 years, he said.

The all-powerful plaintiffs' bar had blocked reform during the Republican years. Whereas former President George Bush and his vice-president Dan Quayle were too closely aligned to business for reform to pass, signs were that under the Clinton administration, Congress was moving closer to acting on the issue.

Brussels seeks deal on social policy

By Robert Taylor, Labour Correspondent

THE European Commission wants to do all it can to end Britain's isolation from the rest of the EC on social policy.

This was the conciliatory message from Mr Padraig Flynn, the EC's social affairs commissioner, to the Confederation of British Industry, the employers' organisation, at a conference in London yesterday.

"I believe we must continue to seek to progress social policy measures among the twelve together," he told his business audience.

"The social protocol of the Maastricht treaty will be for the commission an instrument of last resort".

Under this system negotiated by prime minister John Major Britain can opt out of social regulations that the other 11 Community states may introduce in the future.

But Mr Flynn also warned the UK that the EC will go ahead with its proposed works council directive without its involvement if European employers and trade union organisations fail to reach agreement within nine months on alternative non-legal procedures for workers in European trans-national companies.

"There is wide agreement between 11 member states on this point", he added. In contrast, Mr Michael Forsyth, the UK employment minister, told the CBI that it was "quite wrong for the Community to go ahead with a directive on which there was total disagreement between Europe's employers and unions". The UK is alone among the 12 EC members in expressing its total opposition to the proposed works council directive.

Mr Forsyth said the measure would "create arbitrary and damaging delays in implementing vitally important business decisions" and was "the last thing anyone needed as the Community is struggling to emerge from recession".

Mr Howard Davies, the CBI's director-general, has written to Mr Flynn calling on the EC to introduce a moratorium on "all new regulatory instruments" in social affairs.

He said that much of the EC's social action programme was "a response to political pressures at Community level".

He added that EC social directives bore in practice "more heavily in the UK than elsewhere " because of the country's legal system.

A loss on the pitch and a loss at the bank

By Diane Summers, Marketing Correspondent

AFTER the national side lost 2-0 to The Netherlands on Wednesday night, English football could lose up to £20m if Graham Taylor's team fails to qualify for next year's World Cup finals in the US.

Mr Trevor Phillips, the FA's commercial director, yesterday said the association would forgo £3m-£4m in receipts from sponsorship deals and the total loss would include an expected drop in takings on gates of 2-3 per cent during the season following the finals.

The travel industry stands to lose up to £15m in lost bookings from individual fans, but the FA's official travel agent was trying yesterday to use the likely absence of the worst kind of English fans in the US as a positive selling point.

Mr Michael Myers, marketing director of Greaves Travel, is turning his attention to promoting "fun and football" family holidays. "Families can now go knowing they won't be mixed up with that kind of supporter," he said.

American Airlines, the official airline of the World Cup, is suspending television and press advertising because of the negative association with the Cup, although it did not plan overall to cut its promotion budgets.

While ITV Sport will still cover the finals – it is locked in to a sponsorship deal in which Panasonic has invested £4m – advertising revenues will undoubtedly suffer.

IPC, publishers of four football titles including Shoot and 90 Minutes, will not now benefit from advertising from manufacturers of kit, England bedspreads and other merchandising in the run up to the finals.

Ladbroke said it took £12m in bets on the 1990 World Cup – next year's could have meant takings of an extra £3m on that.

England football manager Graham Taylor at a press conference in London yesterday, where he attacked the refereeing in Wednesday's World Cup match against The Netherlands. England lost 2-0, damaging their chances of qualifying for the 1994 finals

Nissan calls foul on Sunderland plan

By Chris Tighe

NISSAN MOTOR UK versus Sunderland Football Club; a head-on clash between two powerful teams.

At issue is Sunderland's plans to build a new all seater stadium next door to to the car maker's plant to satisfy new rules on ground safety and spectator comfort.

Nissan's £900m Sunderland investment, Europe's most productive car assembly plant, has built a formidable reputation and a 4,600 strong workforce in the nine years since the company chose Wearside for Europe's first and biggest Japanese car factory.

But the club's plan to leave its Victorian Roker Park ground in the centre of the city and develop a huge £70m sport, "of regional and European importance" on Green Belt land alongside Nissan's 800 acre site has appalled the car-maker.

It argues that the proposed 40,000-seat stadium, 12,000 seat indoor arena and 11,000 space car park will create traffic chaos, blocking its Sunderland plant's expansion chances and jeopardising its Just-In-Time component supply schedules.

Mr Bob Murray Sunderland AFC chairman publicly attacked Nissan for opposing the club's plans, which, he said, would create 2,000 jobs.

Nissan, which spends £100,000 a year on charities in the area says it did not think back in 1984 it needed to buy the adjacent site - on which the club now has an option – as it was Green Belt.

The club's application will be considered by Sunderland city council's environment committee in December or January.

Britain in brief

British Steel sells terminal for £4.82m

British Steel has sold the Hunterston terminal on the Firth of Clyde to Clydeport, the privatised company which was formerly the Clyde Port Authority. Clydeport will pay £4.82m.

The Hunterston terminal has not been used since the closure in June 1992 of the Ravenscraig steel complex for which it handled ore and coal imports. Clydeport says that it will use Hunterston for exporting and transhipping coal, and handling bulk cargoes such as sand, ore and other aggregates. The reopening of the terminal, which Clydeport says is the only port in the UK capable of handling large tonnages of bulk freight, will directly create about 50 jobs.

MBO activity falls sharply

Management buy-out activity fell steeply in the first six months of 1993 although it still accounted for just under half of all merger and acquisition deals.

This emerged from the annual review compiled by the Nottingham University Centre for Management Buy-Out Research published yesterday.

Prospects for a short-term recovery are mixed though in the longer term buy-out activity is expected to increase again, the review said. A total of 206 buy-outs and buy-ins were completed in the first half of the year, a drop of more than one third on the same period in 1992 and the lowest half-yearly figure since 1987.

Thatcher wins court ruling

The latest dispute over newspaper publication of material said to be based on Baroness Thatcher's memoirs ended yesterday when The Mail on Sunday, a tabloid daily newspaper, agreed in the High Court not to infringe the book's copyright.

By agreement, a High Court judge granted an injunction to Lady Thatcher, her publishers HarperCollins and The Sunday Times, which holds exclusive serialisation rights for "The Downing Street Years".

The order does not bar The Mail on Sunday from using the "fair dealing" provisions of copyright law to use material from the book which has already been legally published for purposes of review, criticism or reporting matters of public interest.

Mining group drops bid

RJB Mining withdrew a bid to re-start mining at Bevercotes, Nottinghamshire, amid growing doubts that private sector companies will rescue more than a handful of the 20 pits closed by British Coal in the last six months.

RJB's decision ends any hopes of salvation for Bevercotes, as British Coal has received no other bid to mine it under licence.

It means that just six of the 19 pits put out to tender so far is the subject of a bid which involves mining.

Analysts believe it unlikely that all six will resume mining. Betws, in south Wales, is considered the most likely to re-open because of its valuable anthracite coal deposits.

Leyland Daf court action

Up to 2,400 former workers at Leyland Daf are seeking damages from an industrial tribunal in Manchester today for having been allegedly dismissed by the receiver without warning or consultation earlier this year when the company went into liquidation.

'Top brass' face defence cuts

The Treasury is targeting senior ranks at the Ministry of Defence as part of the drive to meet public spending targets for the next three years.

According to official figures, the number of officers employed by the MoD fell by just 1.6 per cent between 1980 and 1992, while the number of army privates and those of equivalent rank dropped by more than a quarter.

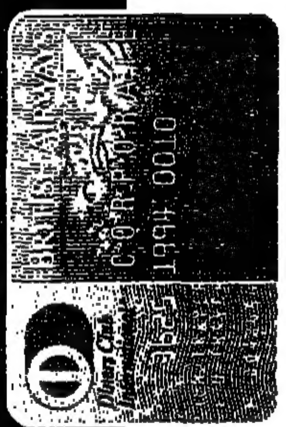
Spurs action settled

The High Court action between Tottenham Hotspur football club and Brown Shipley, its former merchant bankers, ended yesterday after the two sides agreed a confidential out of court settlement.

The bank had been suing the soccer club for more than £400,000 in allegedly unpaid fees. The club had denied owing more than the £25,000 it had paid its former advisers.

Widows' might

A philanthropist has left most of her £49m fortune to charity in her will. Mrs Violet Eveson inherited her wealth from her grandfather who built up Europe's biggest hop-growing business on farms in Herefordshire and Worcestershire.



Companies 'should pay' for policing

By Norma Cohen, Investments Correspondent

COMPANIES in the City of London should be prepared to pay the cost of policing market manipulation, and should expect a crackdown on selective leaking of corporate information, senior regulators told a conference on City regulation yesterday.

At the same conference Mr Anthony Nelson, the economic secretary to the Treasury, said he has made representations in Brussels regarding the regulation of cross-border payments in different currencies.

"I am concerned about the extent of double charging and the occasional lack of transparency," he said.

Mr Andrew Large, chairman of the Securities and Investments Board said that companies which raise capital in the London markets and those who trade securities there should be prepared to pay for weeding out and punishing market manipulators.

He said that detecting improper activity related to the prices of securities and punishing wrongdoers is one of his principle tasks.

"We do insist that our market places should be seen to be the best policed and most difficult for bad hats to get away with it. Would the industry or issuers be prepared to contribute to the cost of ensuring that? I believe they would. And I believe they should," he said.

The absence of a single body responsible for containing, deterring, and punishing abuse has allowed different organisations to avoid responsibility and undermined the credibility of the whole regulatory system, he said.

To rectify the situation, some legislative changes may be necessary, he said.

Meanwhile, Sir Andrew Hugh Smith, chairman of the London Stock Exchange, warned that he is determined to stop the practice of selective leaking of corporate information to the marketplace.

Earlier this year, the Stock Exchange censured a company for disclosing exclusively to a small group of analysts that its earnings would be lower than expected.

Sir Andrew said that when companies feel that market expectations have gotten out of line with reality "there has been a growing tendency to nudge and wink until the market – or some players – get the message".

"If expectations are out of line, then an announcement to the market as a whole is the way forward," he said.

Narrow vote ends Timex dispute

By Robert Taylor, Labour Correspondent

THE EIGHT-MONTH dispute at the Timex plant in Scotland, a subsidiary of the US-based watchmaker, finally ended yesterday in disarray amidst the anger and tears of the workforce.

By a narrow vote of 132 for, and 108 against, with 63 absent, the employees backed a redundancy cash offer negotiated by the AEEU engineering and electrical union officials to settle what was one of the bitterest disputes seen in Britain for many years.

In return for accepting the £1m of severance money, the workers at Dundee agreed that all the unfair dismissal claims against Timex that are before industrial tribunals should be dropped by today and to end their world-wide organised boycott of the company's products.

"The strike is over", said Mr Jimmy Airlie, the AEEU's official for Scotland. The £200,000 strike support fund is to be disbursed among the workers so it can no longer be used against Timex.

But if the 340 unfair dismissal cases are not withdrawn today the redundancy cash offer will be withdrawn as part of the settlement. Timex has made it clear it reserves the right not to provide cash compensation if the workforce does not agree to this.

It was unclear last night whether the Timex workers who voted against the deal would accept the verdict and end their unfair dismissal claims.

Earlier the union told the workers it was ending at once the £30 a week strike pay they had been getting since February.

Under the terms of the settlement most workers would receive between £2,000 and £3,000 in compensation on the basis of one week's wages for every year of service.

A worker on the Jetstream project at British Aerospace's plant at Prestwick in Scotland goes about his duties, unaware if he has a future with the company after the recently announced job cuts

ALMOST 1,000 jobs are being cut by British Aerospace across four plants in England and Scotland, underlining the difficulties the company is having in depressed world markets for aircraft and defence equipment, Daniel Green and James Buxton write.

The loss-making Jetstream turboprop section, based in Prestwick, Scotland, will lose 630 jobs while 382 jobs will go at BAe's Royal Ordnance subsidiary.

BAe blamed a lack of orders and said although volunteers would be sought, compulsory redundancies were likely.

At Prestwick, the cuts will involve about 460 staff and 170 sub-contractors out of a total of 2,500 staff.

The Royal Ordnance cuts are spread over three sites: 120 out of 150 jobs are to go at Wescott, near Aylesbury, Bucks, and a further 70 out of 600 at Summerfield, near Kidderminster, Hereford and Worcester.

A plant at Blackburn, Lancashire, which does mechanical and electrical work on military vehicles and armaments, will lose 162 jobs from a total of 375.

BAe said that the job losses were the result of "a lack of orders and a slowing down of MoD spending".

IBM unit in £3m mainframe drive

By Alan Cane

THE UK SUBSIDIARY of International Business Machines, the world's largest computer manufacturer, is committing £3m over the next 18 months to a campaign to persuade top executives that mainframe computers have a future.

Mainframes, costing £1m or more apiece, have been the workhorse of commercial data processing for 30 years, but companies are increasingly moving to networks of smaller computers which seem to offer substantial savings.

At the same time, the cost of computer power has fallen sharply with advances in chip technology, trimming computer manufacturers' gross profit margins.

The effect on traditional computer companies, which make most of their profits from their mainframe systems, has been dramatic and virtually all mainframe companies operating in Europe are making a loss.

IBM's mainframe business is thought to have declined about 15 per cent in the past year. IBM UK has been particularly hard hit, losing over £600m in 1992.

Mr Arthur Parker, director of the UK company's mainframe division, said the decline in mainframe revenues had been halted.

The aim of the campaign was to persuade senior executives that mainframes have a role within the new, networked systems.

A survey commissioned by IBM to kick off the campaign and carried out by Cranfield School of Management concludes that chief executives believe mainframes are essential but unexciting.

"Chief executives feel far less intimidated by information technology than they used to. As a result, they demand more from their systems, want commercial solutions, not 'products' and want the focus set firmly on end users," it says.

The survey presents evidence that while hardware costs of networked systems are lower than traditional mainframes, the support costs may outweight the savings.

Advice scheme for 'whistle-blowers'

By Richard Donkin

EMPLOYEES worried about fraud or malpractice in the workplace have been offered a new legal service which believes it could help expose corporate frauds or avert disasters by advising "whistle-blowers" in the workplace.

The new charity, Public Concern at Work, launched yesterday, is offering an advice service for employees who might worry about being victimised if they took their concern to their employer.

The group believes its work could mean that companies or regulators are alerted to problems at a much earlier stage than in the past.

Sir Gordon Borrie, the former director general of fair trading and chairman of the group's trustees, said that Public Concern would provide confidential legal advice which would be protected by lawyer-client privilege.

He said: "Time and again official inquiries into scandals, disasters and tragedies show they could have been avoided if employees had spoken up in time, or if those in charge had addressed the concerns of staff when they were raised."

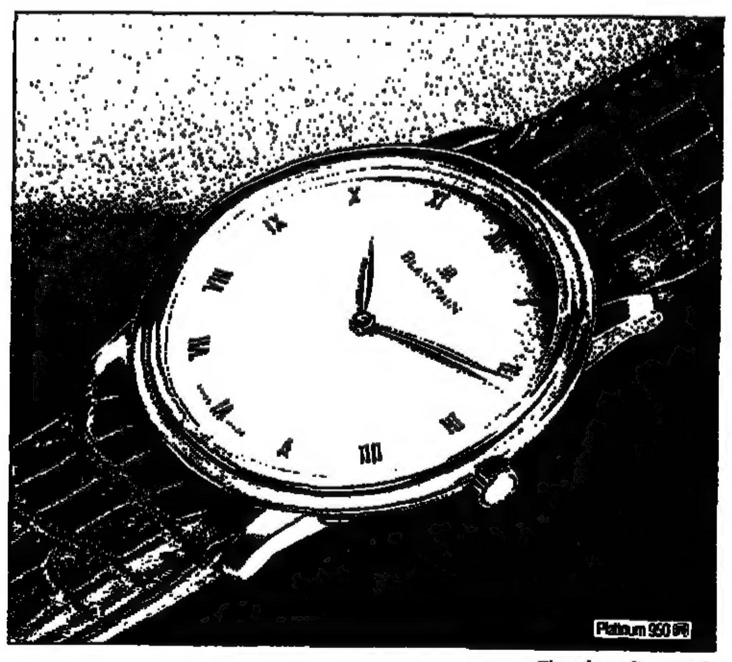
He cited the multi-billion dollar fraud at the Bank of Credit and Commerce International as the sort of case which might have been avoided had the legitimate concerns of employees been heard.

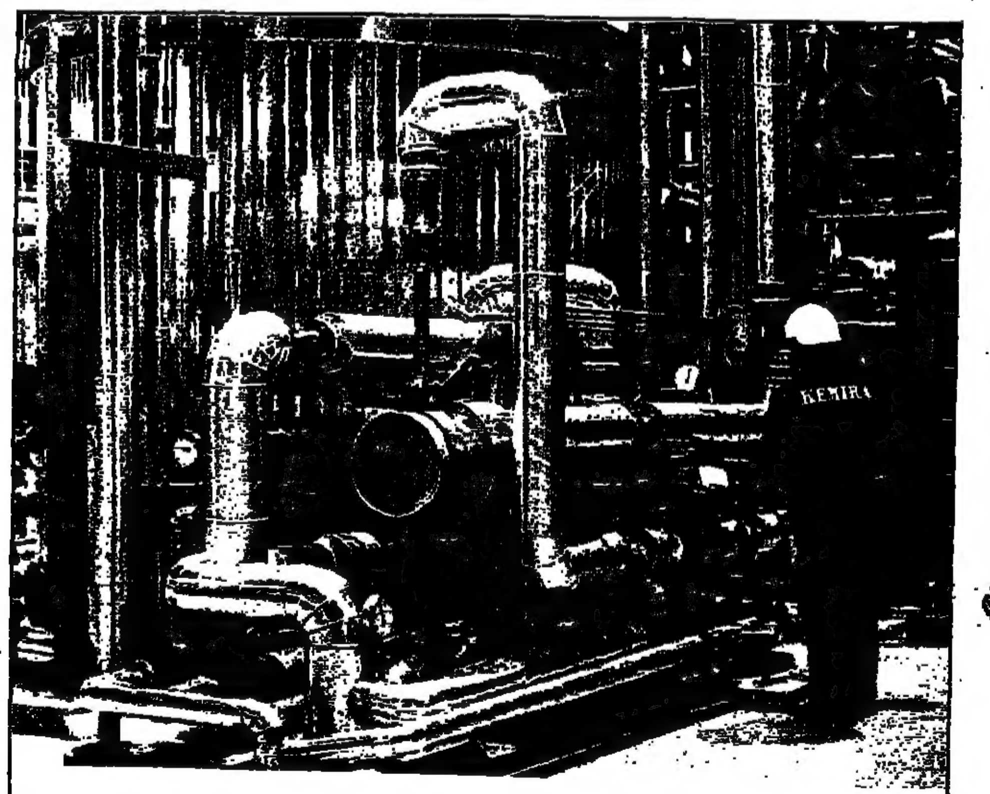
Sir Gordon said it was not the intention of the group to take over a complaint but to advise employees of their legal positions and the most effective way of raising an issue.

The charity, he said, "should make it less likely that employees will turn a blind eye to serious malpractice and more likely that employers will be able to address real problems before damage is done."

The organisation, which will also provide advice and research work for employers, arose out of research by Ms Marlene Winfield, one of the trustees, whose book, Minding your own Business, advocated the role of whistle-blowers.

Sir Gordon said the charity aimed to break down barriers that distanced employers from the legitimate concerns of their employees. He said: "It is all too clear that these barriers not only can spell ruin for the organisation but can have a huge cost in terms of blighted lives and human suffering."





Eric Anstee puts his energies into Eastern Electricity

Eastern Electricity has tempted Eric Anstee away from his senior partnership at Ernst & Young management consultants; he is joining the privatised utility as its group finance director.

Anstee, (right) 42, is no stranger to the energy sector. His experience includes a stint at the Treasury, between 1983-86; he was seconded there as a commercial accounting adviser, in particular working on the privatisation of British Gas.

In 1990 he was an adviser to two of the 12 regional electricity companies – not Eastern Electricity, however – in the run-up to their privatisations.

But Anstee does have previous connections with Eastern, having led a team of Ernst & Young people providing statistical support to the company some 18 months ago, in the middle of a government regulatory review of the industry's supply and price mechanism. His other posts with Ernst & Young included three years in Singapore as a senior manager where he was involved with commodity trading.

Anstee has been with Ernst & Young for 19 years and a partner since 1984. He takes over at Eastern from Richard Leveritt, who is retiring after 23 years with the company. Leveritt will stay on the board until December 31; Anstee is working for Eastern on a part-time basis until he takes over full-time on January 1.

Meanwhile, at Ernst & Young, Keith Stein, 47, is stepping into Anstee's shoes as the partner in charge of the privatisation, energy and utilities group within its management consultancy practice.

Stein (far right) has been with the firm since 1977, when he joined its financial management wing. More recently, he has led several of the firm's international privatisation projects in eastern Europe, including the voucher privatisation schemes in the Czech and Slovak republics, Hungary and Romania.

One of the newest privatisation projects Stein will now be overseeing is an agreement signed between Ernst & Young and the Egyptian government just two weeks ago.

Benson opts to help fund the opt-outs

Sir Christopher Benson is moving from his job distributing government grant to housing associations as chairman of the Housing Corporation to the potentially hotter seat of distributing grants to grant-maintained, or "opted-out" schools.

He takes up his post formally next April, when the Funding Agency for Schools, created by this year's Education Act, starts its work. His first task is to work with John Patten, the education secretary, in appointing a chief executive for the fledgling organisation which, like the recently deceased National Curriculum Council, will be based in York.

The job is likely to be tough, as the government is strongly committed to promoting grant-maintained schools as part of its campaign to weaken the hold of local education authorities, some of which, according to Patten, are led by "nutters".

Sir Christopher, whose former experience in the education sector came as a governor of Marlborough College, is taking his new brief diplomatically: "I'm coming to a new job with an open mind. I'm going to do my best to implement government policy, and to smooth transitions. That will require a close liaison with local education authorities."

A surveyor by training, Sir Christopher also holds the chairmanships of Boots and Sun Alliance.

■ John Ford, until earlier this year finance director of Christian Salvesen Continental Europe Distribution in Germany, has been appointed chief executive of the DRIVING STANDARDS AGENCY, the Nottingham-based organisation that runs driving tests.

Non-executive directors

■ Sir Michael Grylls, chairman of the back bench committee on trade and industry, at COLUMBUS HOLDINGS.

■ Sir Donald Acheson, a former chief medical adviser to the government and visiting professor in international health at the London School of Hygiene and Tropical Medicine, at COURT CAVENDISH GROUP.

■ Sandy Hunter, recently retired from the RAF, at CLYDE HELICOPTERS.

■ John Jeremy, a former director of specialised finance at County NatWest, at S.W. WOOD GROUP.

■ Sir Ewen Fergusson, a former British ambassador to France and chairman of Coutts & Co, at The BRUNNER INVESTMENT TRUST.

■ Gisela Burg, md of Expotus, and Sidney Taylor, director of worldwide manufacturing systems and technology at TI Group, at the ROYAL MINT Management Board; Joe Burnett-Stuart has retired.

■ Keith Carter has retired from OMI INTERNATIONAL.

■ Alan Tritton, vice-president of the Equitable Life Assurance Society, at The CHILLINGTON CORPORATION; Michael Nightingale has resigned.

■ Sir Ronald Mason, former chief scientific adviser to the MoD, as chairman of the UK subsidiary of SAIC, Science Applications International Corporation.

■ Stanislas Yassukovich, vice-chairman of Cominvest and former chairman of Merrill Lynch Europe, at HEMINGWAY PROPERTIES.

■ Lord Nicholas Gordon Lennox as deputy chairman of MGM ASSURANCE.

■ David Anderson, former commercial director of Austin Reed and a non-exec there, chairman of Robertson of Dumfries, and a director of the British Apparel & Textile Federation, as chairman of SIEGEL & STOCKMAN.

■ William Mathieson, a former director of Land Securities, at WATERMAN PARTNERSHIP.

■ Annabel King (below), a surveyor at Knight Frank & Rutley, at PROPERTY PARTNERSHIPS.

MANAGEMENT

Christopher Lorenz continues a series on corporate creativity by looking at EDS's tough self-analysis

Avoiding the IBM trap

ON THE face of it, you might not expect Les Alberthal to be a worried man. EDS, the company which he heads, has an enviable reputation in the fast-growing global market for information technology services and an impeccable financial record – including a 16 per cent increase in sales and net income last year. But that very success is the problem. Alberthal's fear is that if it is not careful EDS could become as proud, inward-looking and unresponsive to change as General Motors, IBM and countless other successful large companies. "We don't want to make the same type of mistake that they have," he says.

To pre-empt that risk well ahead of time, he has just led the $8bn (£5.2bn) Dallas-based company, founded 31 years ago by Ross Perot and now owned by GM, through the toughest self-analysis it has undertaken since it first broke into systems integration, network management and other areas of IT services. By EDS's traditionally authoritarian standards, the exercise has been remarkably participative.

The resulting revitalisation process is still under way – if revitalisation is the right term for such a successful company.

For competitive reasons, many of the review's consequences are still secret. But it has already loosened EDS's thinking, catapulting it into several strategic steps over the past few months which it would not have taken two years ago, before the review began.

They include a direct move into management consulting, and an alliance in digital video-on-demand with Spectradyne, a leading US and international provider of pay-TV and other information systems for hotels.

Alberthal denies vehemently that any of this is old-style diversification. Instead he calls it a very focused "leveraging" of its core competences – both its technology and its people's entrepreneurialism.

The EDS chairman and chief executive is in no doubt about why almost all successful large companies lose their edge, and many eventually come a cropper. "When you're extraordinarily successful, when you can do no wrong, when you are dominating a marketplace and you've built something that's really fantastic and the world says 'isn't this wonderful', the natural human tendency is to start institutionalising it," he says.

"Everything becomes inwardly-focused: the process of research, development and designing, your process of thinking about the market, your education process. You say this is 'the GM way' or 'the EDS way'. While some of that speaks to your core competencies, once you become totally preoccupied with it you ignore the marketplace. You wind up with a Cadillac, an Oldsmobile or a Buick all looking exactly the same because the engineers have said this is the way to do it. But the marketplace says 'we don't want that'.

"Or you do what IBM did – it ignored the personal computer and the demand of the marketplace for personalised technology and got a few years behind the curve. Once you do that, it becomes very difficult in a high-paced R&D environment to catch up." This is true however talented your people are, Alberthal emphasises – and he stresses tactfully that EDS-owner GM and IBM "are top-quality organisations".

The way Alberthal tells it, he and EDS's other top managers had become aware by 1991 that the company was facing various risks of this kind. They were starting to wrestle with them, but could not quite grasp the exact nature of the dangers, nor what remedial action was needed. He likens this process to experiencing pain, but not being quite sure of its cause. They also did not know how to convey their sense of unease down the company, in the face of its glowing sales and profits performance.

Trevor Humphries

Les Alberthal: 'When you're successful the tendency is to start institutionalising it'

A more striking perspective is given by Greig Trosper, EDS director of strategic planning. As he describes it, the trigger for change was a course at the London Business School which suddenly opened the eyes of half a dozen EDS executives, and resulted in the course leader, Gary Hamel, being called in as a consultant.

"His question of whether we, as an industry leader, were different from GM in 1965, Caterpillar in 1975, or IBM in 1975, started us thinking", Trosper told last month's annual meeting of the International Strategic Management Society. So did the academic's analysis of why great companies surrender leadership. "Our leadership saw itself reflected in it", said Trosper.

The review has loosened EDS's thinking, *catapulting it into several strategic* steps over the past few months which it would not have taken two years ago

This analysis suggests that large companies tend to lose their way as their industries start to change. They mistakenly think their greater scale and resources will enable them to continue winning in the marketplace. That reduces any sense of urgency on their part. At the same time their deep-down assumptions and lack of vision (Alberthal's "inward focus") make them prisoners of their past. They define their problems as marginal, not central, and fail to apply adequate intellectual effort to them.

As a result such companies tend to change more slowly than their industries, and fail either to see the need for, or to build, what Hamel and Trosper call "a new economic engine". This is in spite of the fact that such constant re-treading is obviously vital, especially in industries whose boundaries are changing constantly and in unpredictable directions.

Now that a small internal "corporate change team" under Trosper has done much of its work, Hamel's jibe about the dangers of scale-induced over-confidence bites deep within EDS. The company recently lost a large European order to a competitor – Ross Perot's new company – even though the latter had no local resources.

But in 1991 too few people within EDS saw such problems looming. This was in spite of the fact that it had, since 1985, been displaying one of the classic early warning signs of future problems: a levelling-off of its rate of productivity growth.

Trosper also says that "almost no-one inside the company was giving any thought to what the next a big step should be" in EDS's growth. Between 1960 and the late 1980s it experienced several quantum leaps, thanks to a succession of sudden changes in the market.

Rather than trying to convey top-down messages of concern through a reluctant organisation, the answer was to expose a much larger group of managers to the same experience of painful self-discovery as the original half-dozen. "We decided to build a shared sense of urgency, and a common view of what was necessary, and then get out of the way," Trosper explains.

A group of 150 people were hand-picked for what he and Alberthal call "their ability to think outside the box". In a company not exactly noted for the diversity of its leadership – most are Texans – great emphasis was placed on picking people from all over the globe, of all ages, organisational levels and lengths of service, and with different styles of thinking.

They were broken into five "waves" of 30, focusing on different issues. These included: a redefinition of EDS in terms of its "core competencies", which Trosper says has helped it escape "the myopia of how we currently serve the market"; an analysis of the potential forces that could be used to create radical change in EDS's industries; a search for "white space" (uncontested new competitive areas); and planning for the changes in behaviour and systems needed to enable EDS to transform itself effectively.

Given the competitive sensitivity of some of the results of this change process, Alberthal and Trosper are loath to say much at this stage about its internal effects, and the opportunities identified as a result. But Trosper says one effect is that people have realised the growing need to achieve much greater "mass customisation" of many of EDS's services and products.

Another break with EDS's past is a recognition that, in order to occupy new competitive "space", the company does not always have to take giant steps and put itself at risk – "bet the farm", in EDS parlance. Instead, it can move step by step, with relatively small investments.

Hamel recalls the eyes of one top EDS Texan, Barry Sullivan, lighting up as this realisation struck him. He drawled: "Ah! I see what this means – that we only need bet the pig."

The first article on corporate creativity appeared on October 4.

Business in the classroom

Employer-education partnerships are increasing, writes **John Authers**

Education-business partnerships, which employers use to improve employee career development and boost their community links, appear to be gaining in popularity.

They are also penetrating every corner of the UK, as the winners of this year's Gardner Merchant awards for excellence in education-business partnerships demonstrate. The overall winners – awarded this week – came from Skye and from Northampton, while the winner in a third category came from the Handsworth district of Birmingham.

Industry's understanding of involvement with education is also progressing. First seen as an aid to public relations, with a possible boost to long-term recruitment, it now forms a positive part of employee-development programmes.

Rather than helping local schools via a cheque from the budget for charitable donations, personnel departments now see the benefits of sending employees on secondments to schools.

Gardner Merchant's judging policy reflects this. Garry Hawkes, chief executive, said: "What we were looking for was mutuality, so that both sides benefited, and for something that was meaningful for both the companies and the children, not just an exercise in self-gratification."

Long-term benefits in terms of improving the skills base of UK industry could be immense.

At the Hopping Hill primary school and Express Lift Company partnership in Northampton, winner in the category for individual schools and businesses, an informal link developed into a systematised personnel policy.

It started in 1988 after a girl told the headteacher, Val Newton, "girls can't be engineers". Newton asked Express Lifts, a local engineering employer, to prove otherwise, and a female technical apprentice was despatched to the school to talk about her job.

The scheme has since developed into an annual "project", involving boys and girls. This year, eight teams of eight-year-olds were charged with building a wind-powered vehicle, each supervised by an apprentice. To succeed in the project, each entry was judged against standards of design, quality and cost-effectiveness.

Janet Stephenson, a director of Express Lifts, admits: "At first we thought it was just a PR exercise, but we began to see the benefits for our apprentices of going into the school and working as project managers."

Most of the employees seconded are non-graduates, in the second-year of a technical apprenticeship.

According to Stephenson: "Working at the school is built into their management training, because they gain managerial skills from working with the children in a non-threatening environment which they would not be able to gain elsewhere."

Apprentices improve their communication skills, while the project also addresses the engineering industry's "image problem".

Partnerships can also aim at improving employment opportunities. The Skye and Lochalsh Partnership, for example, won the award for links involving several businesses and schools. Launched in 1992, it now involves 173 employers and a number of primary and high schools.

Projects to date include teacher placements at Talisker Distillery and a fund management company. Businesses have arranged problem-solving challenges for school children, and mock interviews.

The high entry figure of 150 for Gardner Merchant's awards – double last year's total – shows that education-business partnerships are growing more popular, as companies appreciate the full potential benefits.

Altruism and broader political objectives are not wholly lacking. Stephenson says: "It's one way of industry having some input into what's going on in schools. We moan about education so we should do something to improve it."

مكتبة الأهرام

New clothes for a ragged sector

Italy's market is being radically refashioned, say Sandra Jones and Allessandro Sanzone

For decades the Italian property market, like the wider economy, has been heavily influenced by *partitocrazia* (party allegiance and corruption). Unauthorised constructions have been common; developments have been undertaken without any provision for appropriate infrastructure; and little regard has been paid to satisfying the real demands of potential buyers.

But things are now changing. In the clamour for change unleashed by the widespread exposure of bribery in government and business, the property sector is poised for an overhaul. According to Nomisma, a research group based in Bologna, the market will undergo fundamental changes over the next few years. These include:

- improvements in valuation methods, record-keeping and accountability;
- and the development of more sophisticated vehicles through which property can be acquired and held.

Already this year, Italy has adopted the second EC directive on the "co-ordination of banks" which will end the division between ordinary banks and special credit institutes. Until now the former have been restricted to short- or medium-term lending while the latter have been confined to making long-term loans.

The blurring of the distinction between ordinary banks and special credit institutes is expected to encourage the development of new financial products, making property investment easier. New legislation expected to be enacted in 1993-94 will also allow the creation of property funds and new pension funds.

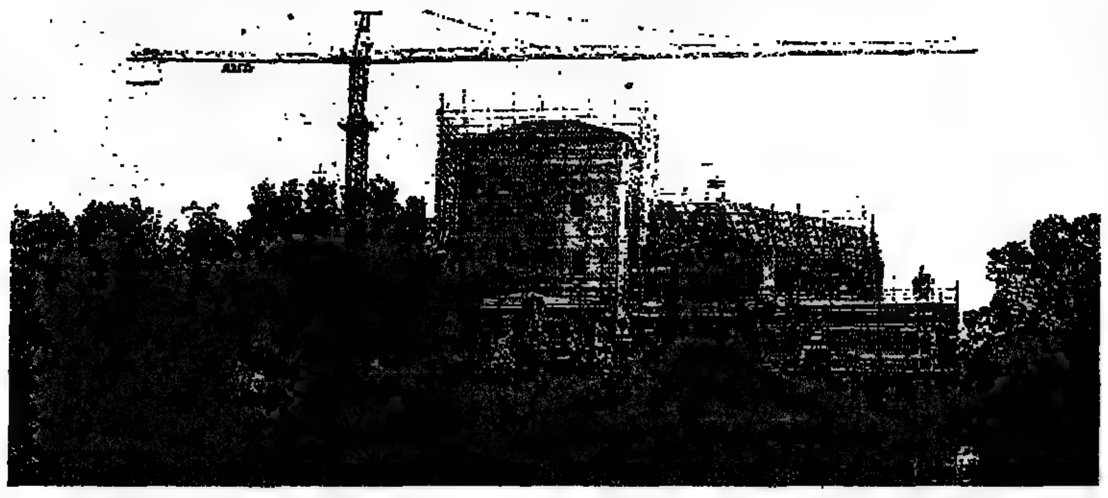
In addition, the government has proposed a spending programme of L10,000bn between 1993-95 on infrastructure improvements designed to create jobs. Also, Italy's leading railway company, recently privatised, is funding the regeneration of old railway land in cities such as Rome and Milan.

Combined, these measures are likely to boost private-sector property investment and provide an impetus for upgrading – and enforcing – professional standards, particularly in methods of conducting and recording property valuations.

The market has emerged relatively unscathed from worldwide recession

Unlike the markets of its European neighbours, bank lending to property in Italy is relatively low, a critical factor, say observers, in the Italian sector's relative resilience in recent months. In Britain, by contrast, banks have been badly exposed by their lending to property, which reached unprecedented levels in the late 1980s.

According to Nomisma, the Italian sector – unlike other European markets – has emerged relatively unscathed from the worldwide recession. In the past six months the value of office property in Italy has declined by slightly less than half a percentage point, while the value of the retail sector has fallen by 2.2 per cent. Rents for offices have fallen by 6.2 per cent and by 7 per cent for retail properties over the same period; the value of residential property increased by 1.2 per cent and residential rents by 5.5 per cent.



Trevor Humphries

Regenerating Rome: the city is a target of government policies to boost private-sector property investment

The property market attracted some L152,000bn last year, of which half was invested in the residential sector. A further 20 per cent of the total went into infrastructure improvements and the balance was split between retail, office and industrial property. This is in contrast to the British market, where commercial property is the main recipient of investment.

At present most commercial office stock is owner-occupied; even small professional partnerships tend to own premises in town centres. The attractions of commercial property as an active investment medium are still unexploited, so this sector holds out many opportunities.

Insurance companies and banks are also leading investors, but again much of their stock is retained for operational purposes; even banks' residential premises are set aside for employees. Pension funds are also significant property investors but no data on volume is available.

The latest figures from Italy's central bank suggest that insurance companies' property holdings total L20,000bn, of which commercial property (mainly offices) accounts for about 40 per cent and residential 50 per cent. Banks' property holdings total L18,400bn, with offices accounting for 80 per cent of the total, most of which are owner-occupied and situated in historic town centres. Many of these town centres have become saturated, though this has yet to encourage significant out-of-town developments.

The bias towards residential property in investment activity is largely due to two factors. First, insurance companies have been obliged by law to invest 4 per cent of their reserves in residential property with protected rents; second, banks have tended to acquire accommodation to house their staff enabling them to relocate on demand. Rent control legislation was lifted last year and while the effects will take some time to feed through into the market, Nomisma expects this measure to cause substantial rental growth in the medium term. New legislation has also restricted security of tenure, giving many landlords an automatic right to break a lease after eight years.

One aim is to improve standards, particularly in valuations

Besides the effects of *partitocrazia*, the main impediment to a smooth working of the market has been bureaucracy. One big problem for property companies has been to determine who in government makes decisions and on what basis.

Property companies have particularly been subject to the unofficial practices that mushroomed with the growth of *partitocrazia*. Today it is still difficult to collect information on property ownership. There is little reliable data; what data does exist has not been made publicly available by government, local authorities or companies. Under Italian accounting practices, companies are not required to record current property values in balance sheets; valuations which are quoted in balance sheets are not carried out according to any recognised national standard or on a regular basis and therefore provide little indication of real current market values.

The legacy of *partitocrazia* has been a weak economy, with a public debt representing 106 per cent of gross domestic product in 1992. Unemployment is 10.5 per cent and rising. Privatisation is high on the government's agenda, though it has been hit by internal bickering over the best methods of divestiture.

The crackdown on *partitocrazia* – evidenced by the spate of bribery charges against politicians and businessmen – allied with a tougher regulatory structure – is likely to lead to a more transparent business environment; this will be reflected in changes in the property market.

For potential investors, an improving economy, with increased government spending on infrastructure, a market with inherent supply constraints (such as historic town centres where expansion is physically not possible) and financial innovation add up to the right combination of ingredients to refashion Italy's property industry.

Sandra Jones is head of research at property consultants Herring Baker Harris.
Allessandro Sanzone is a researcher with Nomisma.

A new generation of anaesthetics is helping to create a revolution in operating theatres. Micro-surgery, together with innovative anaesthetics that allow for rapid post-operative recovery, have led to a surge in the number of patients able to return home on the same day as their operation.

Minimally-invasive surgery, using lasers and fibre optics through small keyhole incisions, means patients no longer have such serious wounds to heal. The rapid-recovery anaesthetics mean they are awake more quickly and feel better when they regain consciousness.

Only 10 years ago, very little surgery was conducted on a same-day basis. Now, 58 per cent of general anaesthetics administered in the US are on an out-patient basis, according to BOC, the British group which is one of the leaders in this field.

Among European countries, Ireland and the UK make the greatest use of day-care surgery, although its practice is a long way behind the US. Recent reforms in Germany which mean hospitals are paid by the number of patients operated on, rather than the length of stay in hospital should encourage the use of new anaesthetics, according to Zeneca, the recently floated bioscience operation of Imperial Chemical Industries.

Paul Abrahams looks at recent innovations in anaesthetics, in a series on drug discoveries

Up again from a knockout

Routine surgery conducted this way includes operations to remove the gall-bladder, non-cardiac vascular surgery, gynaecological procedures, hernia repairs and operations on knees and ankles.

This type of production-line surgery is fast and highly cost-effective. Roger Stoll, chief executive of BOC Health Care, explains: "Cost containment in healthcare is taking place everywhere – the US, Japan, Europe. The cost-effectiveness of products is becoming as important as their efficacy and safety. That is having an impact in all therapeutic areas, and particularly in the operating theatre."

Andrew Bilsky, product information manager at Zeneca, adds: "Rapid recovery from anaesthesia means fewer nurses are required for post-operative care, more operations can be conducted and patients return home more quickly. They also get back to work and are economically productive that much more quickly."

The market for anaesthetics is in transition, partly because of the change-over from the older products that caused considerable nausea and vomiting to newer ones, such as BOC's inhaled anaesthetic Suprane and Zeneca's intravenous product Diprivan.

It is also being affected by the expiry of US patents for BOC's Forane, one the most widely-used gases among the older anaesthetics. Forane had a market share of about 70 per cent in the US and 50 per cent in Europe.

In the first six months of 1993, the US market for inhaled anaesthetics declined by 4 per cent to $92m (£60m). Sales of Forane (the patents of which expired in January) fell from $44m for the six months to June 1992 to $27.3m. A generic version of Forane, known as isoflurane, was launched by Abbott of the US in January and has captured a 22.7 per cent market share with sales to June of $21m.

Meanwhile, the US intravenous anaesthetic market was worth about $71m during the first six months this year. Diprivan, with sales of $58m, was up by 44 per cent on the same period last year; Zeneca's drug held a market share of about 81 per cent. Diprivan's worldwide sales were £95m up to June, and brokers Goldman Sachs expect them to reach £375m a year in 1996.

The objectives of anaesthesia are complex. Anaesthetics must enter the brain and produce not only a profound sleep but also sedation to prevent movement and to cause muscle relaxation and analgesia – the absence of pain – at sufficient levels to leave the brain and body unaffected by surgery.

The exact way inhaled general anaesthetics work remains unclear. "It's a mystery still to be solved and there are a few Nobel prizes to be picked up for this one," says Iain Glen, a clinical scientist at Zeneca.

Dreamless sleep: rapid-recovery anaesthetics allow patients to regain consciousness more quickly after surgery

The problem is that there is no single target for drugs to create anaesthesia.

There have been two theories about how they work. The first, which has recently been questioned by Nick Franks and Bill Lieb of Imperial College, London, was that anaesthetics produced their effect by acting on the fat layers on nerve membranes. These fat layers surround proteins that act as channels for ions to pass through the membrane. The movement of positive and negatively-charged ions is critical for electrical transmission from one nerve to another.

However, Franks and Lieb have recently shown that anaesthetics have little impact on the fat levels, but rather directly bind with the proteins. To prove this, they experimented on North American fireflies. Fireflies contain a class of proteins known as luciferase enzymes which are both light-emitting and susceptible to anaesthetics. After administering anaesthetics, the fireflies stopped flashing, demonstrating that the drug was working directly on the protein. Luciferase is unconnected with anaesthesia but the experiments show that anaesthetics can bind to a protein and inhibit its biological function.

The action of intravenous agents such as Diprivan is even less understood. Most probably, they stimulate chlorine channels, allowing negative ions into the cells. This prevents the cells becoming charged positively, which is required for electrical transmission between the nerves.

Meanwhile, a contest is now shaping up between the recently launched quick recovery products. The battleground is the market for out-patient surgery, which is equivalent to about half of the anaesthetic market by value.

As for future developments, since the exact mechanism of anaesthesia is still unknown, the most immediate research is likely to use the traditional methods of screening rather than deliberate design. Zeneca looked at 5,000 compounds to find 300 with any effect, of which only one – Diprivan – was safe. Similarly, BOC tested more than 500 molecules to find Suprane.

"Since the mechanisms are so poorly understood, it is difficult to improve on what we have," says Glen. Both Zeneca and BOC are looking for drugs that have fewer side-effects on the cardiovascular system. BOC is looking for a compound that is more effective in children – Suprane is pungent and children do not like the smell.

Meanwhile, other companies are developing compounds. Glaxo is developing a short-acting analgesic that can also be used for anaesthesia. The drug, remifentanil, is in the same class as morphine and heroin, but can be metabolised rapidly. This, Glaxo believes, will allow the drug's activity to be turned on and off quickly, and also be used in day-case surgery. Remifentanil will be registered with regulatory authorities in two to three years.

In 1990, Maruishi Pharmaceutical launched its inhalation anaesthetic Sevofrane in Japan where it captured 50 per cent of the domestic market. The group has licensed the product to Abbott.

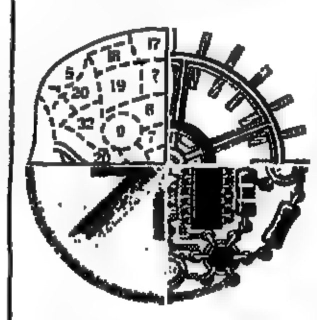
Whatever developments occur in anaesthesia, the speed at which surgeons operate will remain critical. In the early 19th century surgeons had to be quick because no anaesthetics were available – three minutes for an amputation was a decent record. Now, with the benefits of micro-surgery and innovative anaesthetics, they have to be quick to increase throughput and reduce costs.

The series continues next month with and article on contraceptives.

■ Articles over the last six months have looked at pharmaceutical advances in the following areas:

Diabetes	17 September
Epilepsy	27 August
Arthritis	27 July
Menopause	25 June
Alzheimer's	24 May
Allergies	29 April

Worth Watching · Della Bradshaw



The shape of sounds to come

In the 1930s, an EMI engineer registered the first patent describing stereo sound, writes Andrew Fisher. Sixty years later, Thorn EMI has developed what it claims to be "the most significant recording development since stereo".

Called Sensaura, it uses digital signal processing and computers to create a sound field which extends beyond the speakers, allowing the listener to hear a more accurate aural version of the original performance.

No new equipment will be needed to hear CD or other recordings using Sensaura. The technology, based on the way the human ear registers sound waves to recognise their direction, uses an artificial head to make the recordings.

Sensaura was developed by the group's Central Research Laboratories and has been used in demonstration recordings, mainly classical. CRL: UK, 081 848 9779.

Police learn how to read palms

Pattern recognition techniques developed for the Hungarian nuclear industry are being applied to help police identify criminals.

An offshoot of the Hungarian Academy of Sciences has developed a palm and fingerprint recognition system which uses the latest high-powered workstations to quickly and accurately match the prints taken from a suspected criminal with those held on record. The massive power means the software can handle prints which are upside down or at an angle.

The system enables the police first to search a local database of images, and then extend the search to a central database – all the databases are networked together – if necessary. The system is marketed by Intelligent Networks. Intelligent Networks: Hungary, 1 160 1221; UK, 071 972 0500.

Computers adopt a flexible image

Computer screens which display three-dimensional graphics are relatively commonplace, but manipulating the image so that it can be viewed from the side or the top can involve complicated procedures with a keyboard or mouse.

Japanese electronics company NEC has overcome the problem with a screen which is suspended from a flexible arm. By moving the screen – changing its angle or height – the angle or viewpoint of the image on the screen changes also. By physically moving the screen closer to the viewer the image is magnified; by moving the screen away the image decreases in size on the thin film transistor (TFT) display. NEC: Japan, 03 3789 6511.

Home cooking in soup kitchens

The increasing consumer demand for fresh foods has spurred Geest, the banana company, to license a fresh soup-making technology from Stock Pot Soups of Seattle.

At the heart of the technique is a return to the way soups are made in the home – but on a massive scale. Trained chefs use vast cauldrons in which to mix the meat and vegetables, held together in a classic roux.

A technical difficulty has been to transfer the soup into the stand-up plastic pouches without pulverising the ingredients. To do this a valve has been incorporated into the cauldron and the pouches, designed to withstand the heat, are brought to the cauldron rather than the soup being squeezed through a conventional production line process. The Fresh Soup Company, in Spalding, Lincolnshire, will make the soups. The Fresh Soup Company: UK, 0775 761111.

Keeping warm on the terraces

Loyal sports fans who support their team from the stands throughout the winter should soon have their own portable heating system.

Technology developer Battelle has got together with R G Barry, the home footware specialists, to develop a pliable stadium seat which can retain its heat of about 90°F for up to eight hours after being heated in a microwave oven for just six minutes.

The breakthrough has been in the identification by Battelle of the material capable of storing the heat and transferring it throughout the cushion. Battelle: US, 614 424 3237. R G Barry, 614 864 6400.

Beside the seaside

William Packer visits exhibitions in Cornwall and Norfolk

The opening of an important, custom-built, publicly-funded gallery is always to be remarked, and all the more so the further it is from London; we are all regionalists and devolutionaries now. The Tate's offspring, tucked into the site of the old gasometer above Porthmeor Beach at the back of the town, opened its doors to the public in mid-summer, to general applause which, even now, has hardly died down. The 100,000th visitor came through the door the week before last, half a year ahead of expectation and but half a day after the Patrons of New Art and a clutch of Friends of the Academy. The place was packed.

Not that it is hard to pack, being no more than a circuit of three or four smallish exhibition rooms with a larger and more open sculpture gallery at a lower level. For the time being it remains its own attraction, an intricate and ingenious response by the architects, Eldred Evans and David Shalev, to the exigencies of a steep and awkward site. The exterior, with its curves and balconies and flattened top, is discreetly modern, hinting at the long tradition of seaside architecture. Inside, the sense of place is constantly reinforced by the spectacular view, high over the beach and out to sea, that is caught at every turn, as inescapable as the scream of the gulls and the crash of the surf.

But it has to be by the work on the walls and the programmes and policies of display that the enterprise is to be justified. The first rehang, barely three months on, suggests that the finer tuning is already under way. And the Tate at St Ives has its built-in limitations, as it would appear to be dedicated to St Ives in its particular role and period, roughly from the mid-1920s to around 1960, as a crucible of British modernism.

The point is that were this to be inflexibly so, it would unduly limit St Ives itself, to say nothing of Cornwall. It is still too early to enter even a mild reservation with any fairness and besides, as it is, there is so much to admire and enjoy. The current offerings include an impressive study display of work by Terry Frost from the early 1950s, when his observation of boats rocking in the harbour, and the shifting, repetitive patterns of the tides, commited him *finally* to abstraction. In the general hang it is good to see John Wells given a proper prominence, an artist for too long grievously under-recognised, and Bryan Wynter too, a similar case.

But it is not unreasonable to point an opportunity that is waiting to be taken. St Ives has had its moments, even of international importance, but it has never been the only significant local centre within our wider national school; and the art-historical significance of west Cornwall extends rather further back than the moment when Christopher Wood and Ben Nicholson came puffing round the corner on the branch-line from Hayle. Many good artists have gone on working in or near St Ives ever since.

It would be a mistake for the to Tate at St Ives merely to be a Wood-Nicholson-Hepworth benefit for the early years, or, for the matter of that, a Heron-Lanyon-Frost-Hilton benefit later on, rich though their creative legacies are. Their work needs to be viewed in a wider context to explain the enduring attraction and importance of the far west of Cornwall to successive generations of British artists. That is the true opportunity.

*

Given his long friendship with Barbara Hepworth and Ben Nicholson, it is perhaps surprising that Henry Moore, too, did not fetch up at St Ives. But he never did: indeed at times he could hardly have beenfurther away. In 1922, his elder sister Mary took up the post of schoolmistress at the village of Wighton, set back a mile or two from the north Norfolk coast. She persuaded their parents to move with her, though their father died almost immediately, which effectively removed the family home from its native Castleford.

Henry, a student at the Royal College in London, spent his holidays at Wighton and it was there, in the garden behind the school-house, that he first began what was to be his lifelong practice of carving in the open air. His broken chisels, stuck in the wall to hold up the roses, and some half-worked blocks of stone, were found by the present owners, an American artist, Alfred Cohen and his wife Diana, who were unaware of the Moore connection when they bought the by-now disused school as house and studio some 15 years ago.

In 1983 they opened the School House as an occasional gallery, which anniversary is now marked by *Henry Moore and the Sea*. Already shown at Portland and Chichester, with further venues in prospect, its stay at Wighton must surely be special. It is the smallest travelling exhibition that the Henry Moore Foundation has ever put on, consisting of a baker's dozen of maquettes and small sculptures and a number of etchings and lithographs. All but one sculpture, a tiny mother-and-child arch of 1959, date from the 1970s and 1980s in the artist's old age

The connection with the sea is thus not direct, but rather a remembered experience, drawing upon the found objects, the pebbles, shells and dried bones that Moore picked up on beaches all his life. It is as though, looking at this small collection in this most charming of galleries, we pick up the shell and put it to our ear.

'Boat in Harbour, Brittany' by Christopher Wood at the Tate's new gallery in St Ives

The Tate Gallery, St Ives: sponsored by First Class Pullman, Intercity. Henry Moore and the Sea: The School House Gallery, Wighton, Wells-next-the-Sea, Norfolk, until November 15.

Music in London

Tristan on speed

Under their conductor Franz Welser-Möst, the London Philharmonic played Wagner on Wednesday. The result was a draw that flattered nobody. Not uninteresting, not dull or heedless; just not good enough for *Tristan und Isolde* – especially for Wagnerite Londoners hoping that this Festival Hall performance would be some consolation for the opera's long absence from Covent Garden and St. Martin's Lane. What might count as memorable about Welser-Möst's account, some good singing aside, is that it may have been the quickest *Tristan* ever.

The first act was delivered smoothly and very briskly. Not a bad idea, one thought, for a concert performance which excluded interpersonal drama though the urgent thrills of the last, fast duet would have counted for more if the wary confrontation of the lovers had built up anything like the right head of steam first.

Act 2 was speedy beyond reason. There was no fraught, tingling atmosphere at the start – and rather terrible things seemed to be happening among the offstage "hunting" horns (which therefore sounded more like the real thing than what Wagner wrote). In the immense love duet, the conductor switched to fast-forward so early that his principals soon sounded like excited puppies in a Disney cartoon, yelping out their phrases without a hope of giving them any erotic slant or expressive colour.

The Act 3 prelude was squeezed out *very* slowly, to little communicative effect: one could not help thinking that Welser-Möst is just too young to try that on. But Tristan's great soliloquies were hustled along; the long, heartbreaking swells on high violins were reduced to snappy interjections, and the richest orchestral commentary emerged incoherently. Heinz Kruse's Tristan began to tire (most Tristans get more than just 20-minute breaks between acts). From the start his bright, somewhat impersonal elegance had been a virtue; but now, despite an occasional gleam of passion, the portrayal dwindled to blue-print-scale.

Kruse's diction was always a crisp pleasure, for he spent 20 years as a character-tenor before expanding into *Heldentenor* roles. Yet Elizabeth Connell's Isolde found subtler depths in her words; if she lacked the ideal Isolde's warmth in the mezzo register, her terrific thrust higher up was complemented by luminous character everywhere. (Her *Liebestod* was almost *too* subtle; we need it, after all, to be a glorious catharsis.) As Kurwenal, Tristan's staunch vassal, David Wilson-Johnson limned some unaccompanied phrases poignantly, but otherwise faded into the orchestra. For this role, his "bass"-baritone has neither the substance nor the bottom.

Della Jones's Brangaene was an honourable non-starter: peppered with character but shrewish at the top, alternating with crashes into raw chest-voice. We got the real thing only from Curt Appelgren's King Mark – grandly gentle and broad, quivering with personal hurt; and young Ian Bostridge as the Young Sailor and Shepherd deployed his fresh, non-reedy timbre (and excellent German) to beautiful and sharply immediate effect. And the LPO's lovely flutes distinguished themselves throughout.

David Murray

Absurdism and the reverse

Alastair Macaulay reviews Ionesco and Bulgakov

How ironic: in the main auditorium of the Lyric Theatre Hammersmith you can currently see an absurdist romp by Ionesco being performed in Romanian, while in the studio theatre one floor beneath you can see performances in English of a serious drama by Bulgakov. One is deliberately ludicrous, a comedy shaped by the sense that ordinary life itself is wildly, inanely, incoherent. The other has its absurdities – its opening scene features an peasant who turns out to be an archbishop, and a woman in labour who turns out to be a general – but is a near-tragedy about people escaping from a country racked by civil war yet making coherence from life.

Though Ionesco wrote his plays in French, he was born in Romania and spent much of his early life there. He began his form of theatre in France after the Second World War and the division of Europe. ("Cut off from his religious, metaphysical and transcendental roots, man is lost;" he wrote, "all his actions become senseless, absurd, useless.") His work connects to, and helped to define, the sense of the absurd that runs so deep in modern French culture; but, as this staging of *The Bald Prima Donna* suggests, his absurdism may also have been profoundly Romanian. In the post-Ceausescu nation his plays are apparently now making great effect; this production has elicited standing ovations there.

The Bald Prima Donna is like a Feydeau farce without a rationale. Mr and Mrs Smith receive Mr and Mrs Martin; a maid assists; but a fireman calls; and . . . The rest is mayhem. For the Hungarian Theatre of Cluj, Gábor Tompa bumps up the craziness of everything by having the characters behave like clockwork dolls. The set encourages us to believe we are watching life within a doll's house, and the room is a white box set with bright neon lighting. For those of us whose Romanian has grown rusty, there are surtitles; but these are poorly projected (and timed), and the bright onstage lights makes them hard to read.

Some in the audience kept up a constant supply of titters. My problem, however, is one that will be shared by many Britons. Shaped by a culture unlike Ionesco's or Ceausescu's, I cannot enjoy a sense of the absurd that underlies *everything*. Tompa's staging ends with a coup whereby the cast mime, at the breakneck speed, the whole play *backwards*, from end to beginning, at top speed. Bravura stuff. But so what? My only serious interest in the whole affair is as a cultural observer – in trying to piece together the ghastly mechanical but pointless sense of existence that must make Romanians enjoy this so heartily.

Bulgakov's *Flight* (1926-8) also expresses a world that has been torn in two – but how profound his Russian view of history, and life, is. The action begin in the Crimea in 1920, where the White Russian army is taking its last stand and where refugees find themselves as much abused as they had been elsewhere. Later, we see these Russian exiles stranded in Constantinople and Paris. The first half shows us civil war, and the tragic sense of history that we know in Shakespeare, Pushkin, Tolstoy and Pasternak. The second half is like *Ninotchka* in reverse; it shows us Russians bewildered by Western corruption, hopeless, and gradually deciding to go home to rediscover themselves.

Flight has not been seen here for 21 years, years in which Bulgakov's work in fiction and drama has become better known to us. This Contemporary Stage Company production is directed by David Graham-Young, whose recent staging of Bulgakov's *The Master and Margarita* earnt acclaim. Some minor roles are weakly acted, and Wolfe Morris's account of the White Commander-in-Chief is a terrible display of old ham. But the four central parts are played with integrity: particularly Peter Tate in the most remarkable, and most tragic, role of General Khludov, a man tortured by physical and moral exhaustion, duty, and, above all, conscience.

I cannot recommend everything about this production of *Flight* – for too much of the evening a certain English mildness inhibits Bulgakov's vision of history – but it is a play that should be seen. Whereas, to my mind at least, *The Master and Margarita* is an exceptional novel that never fully translated to the stage, *Flight* belongs naturally in the theatre; I am amazed we have not seen it more often. It is one of the most stirring, and most multi-faceted, visions of how a country, and individual people, were torn in two. Whereas *The Bald Prima Donna* reduces humanity to a pointless joke, *Flight* makes the human condition poignant, complex, rich.

The Bald Prima Donna is at the Lyric, Hammersmith, this week, and then tours to Derry, Glasgow, Leeds and Oxford during October and November. *Flight* continues at the Lyric Studio until November 6

From Mike Leigh, 'It's a Great Big Shame'

Sad news from the normally joyous Theatre Royal, Stratford East. Mike Leigh's *It's a Great Big Shame* is about as dismal a three hour show as you can expect to see. It is also incoherent.

The basic idea is a good one. Here are two plays presented as one. The first, and much the longer, is set in east London, 1893. The second is in the same place a century later. We are invited, I suppose, to contrast and compare and to conclude that it is still a great big shame.

The title comes from a song by London music hall artist Gus Elen (1862-1940). It is a wistful, melancholy ballad in a style not far away from Kipling: sentimentality mixed with a lurking brutality.

At the start of the play the song is performed by Nellie Buckett, described as a waif. Nellie looks and dresses so like a man that for a while I assumed there was some sexual nuance. But the programme states that she is a woman played by Kathy Burke. It is the degradation of poverty that is responsible for her appearance, though she is not exactly down and out.

Nellie falls for the best and most interesting character in the play. He is about seven feet tall and called Jim Short, the choice of name being almost the only joke in the piece. Short is a fourth-class drayman, delivering beer to pubs. Played by Paul Trussell, he is an utterly amiable figure with an IQ well below average. He won't touch Nellie the waif, but accepts with docility a proposal of marriage from the shop assistant Ada (Wendy Nottingham).

For about six weeks Ada serves him tea, gives him supper and generally waits on him. Then she turns militant, makes him scrub the floor and wash the windows. When Jim's temper snaps, it is possible that he does not mean to strangle her and is simply unaware of his own strength. It is more of a surprise when he starts to eat her.

There have been some odd scenes before this outbreak of cannibalism. Ruth Sheen as Fanny Clack, the landlady of the Cock and Bull, presides over some very pleasant musical hall songs in her pub. A drunken West Indian enters and is ultimately thrown out. A brief scene shows that the brewers can quarrel with their fiancées quite as brutally as the lower orders. There is an impressive entry of two huge wooden horses pulling the draymen's cart.

The second act, in 1993, is all black. This time the woman has at least twice the physical bulk of her husband. *She* strangles *him*, though again whether by accident or design is not clear. Possibly it is a sign of advancing civilisation that she does not eat him: there had been earlier hints of what might be done with the microwave.

The final scene is played in near-darkness, so is obscure in every sense. The person on the floor may be the dead husband toying with his own entrails, or Ada returned as a sign of what comes of excessive violence. Sole pleasures are the singing of the ballads around the bar and the early character of Jim Short in the first act. The rest is dreadful. Mike Leigh directs his own work.

Malcolm Rutherford

Theatre Royal, Stratford East. (081) 534 0310

Taut Strauss and Stravinsky

The policy of having a single low price for any seat has certainly lowered the average age at the BBC Symphony Orchestra's concerts. The Strauss and Stravinsky series was not planned with any specific educational aim in mind, but it can hardly have failed to heighten appreciation of 20th-century musical history.

The opportunity to contrast two such diverse personalities was nowhere presented in a didactic way. The audiences were left to come to their own conclusions – nudged just a little at Tuesday's concert, the last in the series. How else could one come up with the combination of Stravinsky at his most impersonal in *Oedipus Rex* and the egocentric Strauss of *Ein Heldenleben*, proclaiming his loves, his battles, his achievements to be the centre of the musical universe?

The Stravinsky opera-oratorio was the largest of the composer's works in the series. It will have left a picture of him at his least endearing. In his treatment of the Oedipus myth Stravinsky's determination to keep personal reaction to a minimum resulted in music that is not just objective but unmemorable.

The score calls for cool-headed control, which Andrew Davis exerts impressively over the BBC Symphony Orchestra. Ideally one imagines voices monumental in their own right, which only Felicity Palmer's fearsomely stringent Jocasta could be described as offering. Anthony Rolfe Johnson was the sensitive Oedipus, genuinely moving at the end. Anthony Michaels-Moore did good service as Creon and the Messenger; the BBC Symphony Chorus had been well drilled.

The firm grip on the conductor's baton that kept the Stravinsky taut was also brought to bear upon the Strauss. The BBCSO may not have the silken strings, the magniloquent brass, the overall tonal allure of the great Straussian orchestras, but it is heartening to hear its members play as though everybody knows what they are playing and why. Each episode was full of character, except perhaps the one where Strauss mocks his critics, who sounded far too nice a bunch.

Davis makes a superb commander-in-chief and delivered one of the best battles I have heard. The love scene was carefully shaped, but not heady, certainly not indulgent. The warm glow, that sense of sinking into one's memories that comes over the final pages, as yet eludes the conductor or the orchestra, possibly both. Not a complete *Ein Heldenleben*, but an effective one.

Richard Fairman

INTERNATIONAL ARTS GUIDE

ORCHESTRA GOES ON TOUR

One of America's oldest and most enterprising orchestras, the Saint Louis Symphony, returns to Europe next month for a three-week tour under its music director, Leonard Slatkin. Slatkin and Saint Louis are celebrating a quarter of a century together: he joined as assistant conductor to Walter Susskind in 1968, graduating to chief conductor in 1979.

Despite the cultural isolation of Saint Louis – there is no other professional orchestra within 300 miles of its Missouri home – the Saint Louis Symphony has built an increasingly high profile in recent years, thanks to its recordings of American music, its consistently high standard and Slatkin's burgeoning international career.

The orchestra begins its European tour at Frankfurt (Nov 2), and takes in nine other German cities and Vienna, before moving to Amsterdam (Nov 16), Antwerp (Nov 17), Birmingham (Nov 19) and London's Royal Festival Hall (Nov 21). American music is represented by Samuel Barber's First Symphony, Gershwin's An American in Paris and William Bolcom's Lyric Concerto for Flute and Orchestra (James Galway). There will also be a work by the orchestra's composer-in-residence, Claude Baker.

Slatkin's debt to Bernstein is acknowledged with the Candide overture, and there will also be some Vaughan Williams – reflecting Slatkin's interest in English music. Otherwise, early 20th classics by Stravinsky and Richard Strauss dominate the tour. Slatkin, who is guest-conducting in England this month, will also be artistic director of an American Festival next April at London's South Bank Centre.

EXHIBITIONS GUIDE

AMSTERDAM

Van Gogh Museum Philippe Rousseau and Louis Welden Hawkins: neither Rousseau's still-lifes nor Hawkins' symbolist and decorative paintings are the work of a master, but they recall the striking role these 19th century French artists played in their own milieu. Ends Nov 14. Daily

Rijksmuseum Rembrandt in a new light: seven restored paintings. Ends Nov 1. Closed Mon

BARCELONA

Museu Picasso Picasso and the Bulls: paintings, drawings, sculptures and ceramics on the theme of bull-fighting, showing its life-long importance in Picasso's imagination and inspiration. Ends Jan 9. Closed Mon (Carrer Montcada 15-19)

Fundació la Caixa Turner: drawings and watercolours from the Tate Gallery. Ends Nov 7. Closed Mon (Centre Cultural, Passeig de Sant Joan)

BIELEFELD

Kunsthalle Picasso's Late Work 1966-72: paintings and drawings from worldwide collections. Ends Jan 30.

COLOGNE

Josef-Haubrich-Kunsthalle From Malevich to Kabakov, The Russian Avant-Garde in the 20th Century: the first comprehensive presentation of the Ludwig Collection of Russian 20th century art since 1985, embracing the youngest generation of the 1980s as well as the Malevich and Popova era. Ends Jan 2. Daily

FLORENCE

Museo Pecci Robert Mapplethorpe: a retrospective of the talented and provocative photographer who concentrated on religion, race and sex and died of AIDS in 1989. Ends Jan 7. Closed Tues

Casa Buonarroti Michelangelo: 18 masterpieces. Ends Oct 30. Galleria del Costume di Palazzo Pitti Fashion at the Court of the Medicis. Ends Dec 31.

LONDON

Accademia Italiana Renaissance Florence, The Age of Lorenzo de'Medici: the exhibition aims to recreate the time of Lorenzo the Magnificent, and includes paintings and sculpture by Botticelli, Fra Angelico and other prominent 15th century Italian artists, as well as illuminated manuscripts, books from Lorenzo's library, jewellery and precious objects. Lorenzo's youth, allied to his love of the arts, his political acumen and knowledge of philosophy, history and literature, gave Florence the peace and stability which allowed the arts to blossom as never before. Ends Jan 23. Daily

Tate Gallery Ben Nicholson: a centenary overview of the career of the British abstract painter, with works borrowed from all over the world. Ends Jan 9. Edward Burne-Jones: sketches from the museum's collection. Ends Nov 7. Daily

Royal Academy of Arts American Art in the 20th Century: the period from 1913 to 1970 is covered at the Royal Academy, and from 1970 to the present day at the Saatchi Gallery. Ends Dec 12. Daily

Whitechapel Art Gallery Lucien Freud. Ends Nov 21. Closed Mon

British Museum Drawings from Chatsworth. Ends Jan 9. Daily

Hayward Gallery Alphonse Mucha: retrospective of the Czech Art Nouveau artist, renowned for his fin-dè-siecle posters in Paris. Ends Dec 12. Daily

National Portrait Gallery Thomas Eakins: 150th anniversary retrospective of America's most admired 19th century portraitist. Ends Jan 23. Daily

NEW YORK

Museum of Modern Art Joan Miro: centenary exhibition of one of the 20th century's great masters, comprising 325 paintings, drawings, sculptures, ceramics, prints and illustrated books. Among the series represented are the dream paintings of the 1920s and the constallation series of 1940-41, pivotal works that show the artist at the height of his career. Ends Jan 11. Robert Ryman: 80 works by the American abstract artist. Ends Jan 4. Ends Nov 9. Closed Wed

Metropolitan Museum of Art The Annenberg Collection of impressionist and post-impressionist paintings, watercolours and drawings. Ends Dec. Master Drawings of the Hudson River School: 50 works on paper by America's earliest school of landscape painting. Ends Dec 26. The Elephant and its Ivory in African Art: 70 objects representing 30 African cultures. Ends February 27. Closed on Monday

Guggenheim Museum Roy Lichtenstein: 130 major paintings and sculptures by the American Pop artist. Ends Jan 16. Paul Klee: 60 works from the museum's own collection. Ends October 31. The main museum is closed on Thursday, the SoHo site on Tuesday

Whitney Museum of American Art Betrothals: three large-scale paintings by Arshile Gorky. Ends Jan 9. Closed Mon

Brooklyn Museum Consuelo Kanaga (1894-1977): 120 works examining the work of an important American pioneer in social photography. Ends Jan 9. Closed Mon and Tues

PARIS

Musée d'Orsay From Cézanne to Matisse: Masterworks from the Barnes Foundation. Ends Jan 2. Closed Mon, late opening Thurs (reservations: 4410 7300 or at Fnac shops)

Musée des Arts Décoratifs Fabergé: exquisite goldsmiths' work produced in Russia by the firm of Carl Fabergé from the 1870s to 1918. Ends Jan 2.

Grand Palais Les Nabis. Ends Jan 3. Closed Tues, late opening Wed

Petit Palais Masterworks from Leipzig. Ends Dec 5. Closed Mon

Institut du Monde Arabe Syria, Memories of the East, Memories of the West: 400 exhibits providing an overview of one million years of human activity, from the first artefacts to 19th century Ottoman art. Ends Feb 28. Closed Mon

PARMA

Magnani Rocca Foundation The Barilla Collection of Modern Art: paintings and sculptures by Picasso, Dubuffet, De Chirico, Magritte, Bacon, Sutherland and many other 20th century artists. Ends Nov 28. Closed Mon

PRAGUE

Prague Castle Riding School Jean Dubuffet: 75 paintings and sculptures presenting a cross-section of the work of the founder of Art Brut. Ends Nov 28. Closed Mon

Convent of St George 16th and 17th Netherlandish Drawings: 50 works representing an important part of the Czech National Gallery's collection of Dutch graphic arts. Artists represented include Pieter Brueghel the Elder, Lamerd van Noort and Abraham Bloemaert. Ends Jan 1. Closed Mon (Prague Castle)

Kinsky Palace Contemporary Drawings from the Bern Kunstmuseum: 100 drawings by British, German and American artists. Ends Nov 21. Closed Mon

RIMINI

Museo Civico Guido Cagnacci: 50 splendid works by the painter of the most sensual female nudes of the entire baroque era, including three painted for his patron, Hapsburg Emperor Leopold I, lent by the Kunsthistorisches Museum in Vienna. Ends Nov 28

ROME

Palazzo Venezia Corrado Giaquinto: the late baroque artist, who provided enormous altar-paintings for numerous Roman churches, and was feted in European courts during his lifetime (Goya was fascinated by the works done for the Palazzo Real in Madrid), has since been unfairly neglected. This fine show, with works from European and American collections, attempts to set the record straight. Ends Nov 14. Closed Mon

Palazzo delle Esposizioni Antonio Donghi (1897-1963): an exponent of the school of magical realism, Donghi was much-lauded in the 1930s. Today, his portraits come across as merely curious.

Still gently as he goes

Mark Nicholson on the case for speedier reform in Egypt

Mr Hosni Mubarak, who assumed Egypt's presidency on the assassination of Anwar Sadat in 1981, this week began a third presidential term which, barring upsets, should last until 2000. This much was clear long before the formality of last week's referendum, in which 95 per cent of Egyptians who voted endorsed six more years of Mr Mubarak's rule.

Less clear is what Mr Mubarak will do with his six years. Before the vote he stressed that, though he ran unchallenged, "no one should think this vote won't change things". Yesterday saw the first signs of change, as Mr Atef Sidki, Mr Mubarak's long-serving prime minister, finalised a shuffle of 16 of the cabinet's 34 portfolios.

The reshuffle was a long-awaited response to internal pressure for new faces in what was looking a tired government. But many old faces remain, particularly in the powerful defence, interior and central economic posts. "He's given the impression of change and dynamism," was one diplomat's response, "but most of the old guard is still there."

The pressure for change is also strong among Egypt's allies, as well as the International Monetary Fund and World Bank – custodians of Egypt's economic reforms.

The need for action on the economy is acute. A quarter of Egypt's 58m people live on less than $35 a month, according to the World Bank, unemployment is officially 20 per cent and unofficially twice that, and a plodding, public sector-led economy cannot keep pace with population growing at 2.3 per cent a year. Worse, a rising wave of Islamic extremism is feeding on the discontent that has resulted: in the past 18 months there have been bombings in Cairo, assassination attempts on ministers and clashes with security forces that have left 200 people dead.

After 12 years at the helm, Mr Mubarak is no stranger to these problems. But his instinct has been to address them cautiously, with the help of a close coterie of trusted aides and ministers – almost all of whom survived the reshuffle. "Mr Mubarak's cautious style, which served him well in the 1980s, is still a very cautious style and maybe not right for the '90s," says Mr William Quandt of the Brookings Institution, the Washington-based think-tank. "There are many who hold the perception that things are now changing too fast for him."

Reuter

Hosni Mubarak: puts priority on economic, not political, reform

In numerous statements before and since the referendum, Mr Mubarak emphasised more of the "steady as she goes" policies which characterised his first terms, during which he relaxed restrictions on opposition political parties, began IMF and World Bank adjustment programmes and oversaw big improvements in infrastructure. On Wednesday he told his ministers that Egypt's priorities were economic reform, security, social justice, unemployment, improving education, and tackling rising population and cumbersome bureaucracy.

Nowhere, however, has Mr Mubarak suggested reforms to Egypt's political system. Yesterday's cabinet reshuffle will do nothing to satisfy a frustrated body of critics in Egypt which argues that systemic reform is essential if the government is to counter the appeal of Islamic fundamentalism. They argue that Egypt's political institutions are so corrupt that the system can neither accommodate moderate Islamic opinion nor offer modernising alternatives as a popularly based platform.

In place of a vibrant democracy, argue the critics, Mr Mubarak's tenure rests on the backing of Egypt's influential military and on the powerful patronage of the ruling National Democratic party. Referendum results showing 95 per cent support partly strain credulity, but partly also highlight the lack of democratic choice, they argue.

Critics like Mr Mohammed Sayed Ahmed, a leading commentator, as well as opposition parties, recite a well-rehearsed wish list of reforms. Many say the 21-year-old constitution should be rewritten. They say Mr Mubarak should step down as president of the ruling National Democratic party, because by holding both party and national leadership he makes it impossible for other parties to challenge the NDP effectively.

Critics also point out that Mr Mubarak has ruled Egypt under a state of emergency since 1981, giving him virtually unchecked power. As a minimum, they say, he should appoint a vice-president – a post unfilled since Mr Mubarak himself held it under Sadat.

But by retaining Mr Sidki, not noted as a zealous reformer, and other close aides, it seems Mr Mubarak's instincts are unaltered: that Islamic fundamentalism must be crushed before any political changes are possible, and that economic reform has to take priority. "Mubarak does not want to make a big jump in democracy without a parallel and equivalent progress in economic development," says Mr Mamdouh Beltagui, yesterday named tourism minister.

Mr Mubarak campaigned hard on impressive progress made under the first stages of the IMF and World Bank reforms – during 1990-92, inflation halved to about 12 per cent, the budget deficit was slashed from more than 20 to 4.7 per cent of GDP, reserves rose to $17bn and the currency was stable. The watchword for his third term, he suggested, would be more – but steady – economic adjustment.

But even on economic policy, many wonder if his present government, even with its new faces, has the ideological commitment or technical competence to push through the next stage of structural reforms. Economists close to Egypt's reforms say the country is merely at the threshold of the tough structural changes that might enable the private sector to make growth-producing inroads into the leaden, public sector-dominated economy. "The government doesn't yet have even the minimum of technocracy in place for these reforms," says one. "They are also about the most reluctant reformers of the public sector you could conceive of."

These economists hold out little hope that Egypt's economy will reach the IMF target of GDP growth rates of 4 per cent or more over the next few years without structural reforms which "cut to the muscle". An ambitious privatisation programme, which the IMF considers the most important indicator of the government's commitment to inspiring private sector-led growth, is already suffering bureaucratic delay.

Even a half-baked stab at the next stage of economic reforms will incur substantial social costs: higher unemployment in the short term. Without attendant political and democratic reforms, opposition to these effects could find vent through further Islamic extremism. The danger is that Mr Mubarak's insistence on gradualism and stability will translate into government inertia. But Egypt's problems are not standing still. "The worst thing that can happen to Egypt," says Ms Judith Kipper, of the Brookings Institution, "is that nothing happens."

Joe Rogaly

A peculiar British practice

When you run a brothel, it pays not to be too particular about your clients. When you are in the business of making and selling armaments, or even civilian equipment that can be used to manufacture weapons, you are obliged to be choosy. Tiresome officials *will* insist on denying you access to certain markets. Since you owe it to your shareholders to find ways of completing sales where you can, you will lobby against these official rulings. You may argue that if the government is concerned about employment it should be flexible in applying whatever rules it has devised.

Before going any further, I must apologise for my opening analogy. It libels an ancient service industry that does comparatively little harm. It does, however, help to focus our attention on what is particularly important about the inquiry being conducted by Lord Justice Scott into the sale of defence-related equipment to Iraq. There are several troublesome questions before his lordship. Each matters in its own way. We'll come to these in a moment. But the most serious cause for concern is the continuing, if declining, dependence of Britain's manufacturing industry on the trade in armaments. This is the big one. Let us look at it first.

Just a few weeks ago Sir Alan Thomas, who is the head of exports at the Ministry of Defence, boasted that in 1992 overseas orders were taken for £5.2bn worth of British armaments. Sales this year were already above that, he added. On checking yesterday it turns out that later information from suppliers puts the 1992 figure at £6bn in 1992 money, and that the current forecast for 1993 is £7bn-£7½bn.

Communications gear, computers and high-tech equipment feature strongly in these orders. If the gadgets we were selling were, say, personal computers, portable telephones, transistor radios and copying machines, all sold in high street shops, we would not only be proud of that – we would be Japanese. As matters stand, the defence department happily asserts that Britain is now the second largest arms supplier. Its share of the world market doubled, to 20 per cent, last year.

We are talking about missiles, armoured personnel carriers, trainer jets, tanks, and loads and loads and loads of ammunition. I make no moral point. That is either plain to you or it is not. Let the argument be about the value of this trade to Britain's economy. It is certainly high at the moment. The people in the arms business speak of 120,000 jobs directly involved, or two or three times as many if component suppliers and others are counted in. The total industry turnover may approach £15bn this year, although to reach that figure you have to assume that orders taken in 1993 are the same thing as goods delivered.

The deployment of 'no reason to believe' and 'could be for innocent purposes' is a well-known trademark of perfidious Albion

That is a statistical quibble. The important question is whether the order books can be kept full for many more years. Just look at that concocted figure of £15bn for a few minutes and it begins to melt away. More than half – £7.7bn – represents purchases by taxpayers of weapons for British forces to stockpile and occasionally use. This is a two-way traffic in cross-subsidisation. The exports help to keep the unit costs of the domestic purchases low and vice versa. It is, however, a trade that is doomed to decline. The squeeze on public spending will reduce defence procurement, and thus the export subsidy, however cunningly defence secretary Mr Malcolm Rifkind may phrase his protests.

Britain's armaments manufacturers employ a skilled workforce. Some of our best engineers work in the well-known supplying companies. Too bad. This is not, and should not be, a business of the future. The defence companies know this. All, even British Aerospace, are diversifying into civilian work. The arms trade may not be shrunk as rapidly as, say, coalmining but it is nevertheless yesterday's game.

The Scott inquiry is about one aspect of how it has been played in the past. It may shed light on how Whitehall plays all its games. When its report is published we should be able to answer several specific questions with more certainty than anyone can now. Did ministers and/or officials deliberately seek to suppress information, knowing that to do so might lead to the wrongful conviction of three executives of Matrix-Churchill on charges of breaching export controls? Was there a failure to brief ministers? Mr William Waldegrave, who in 1989 was the foreign office minister directly concerned, told the inquiry this week that he was unaware of intelligence reports showing that the machine tools in question were being used by the Iraqis for military purposes. Was there a plot, or was Whitehall merely incompetent?

These things matter. If ministers *were* willing to see individuals unjustly jailed, they must go. If the spies' information is not being properly used, the relevant civil servants must try harder. As to the third strand of the case – the Waldegrave doctrine that where delicate matters of diplomacy are concerned it is not always sensible to keep Parliament informed – the outsiders' judgment may well be: "Tell me another, Mr Minister for Open Government."

More to the point is the light that may be shed on the peculiarly English nature of British administrative duplicity. Our masters are rarely corrupt enough to lie and cheat outright, nor straightforward enough to be trusted absolutely. The clever use of words, the economy with the truth, the deployment of "no reason to believe" and "might have been at the time" and "could be for quite innocent purposes", and the painstaking twisting of definitions are well-known trademarks of perfidious Albion. The French do the same thing in their own peculiar way, but not, it appears, as effectively in terms of arms orders landed as the British.

The most charitable explanation of the case before Lord Justice Scott may be that this player or that had the best interests of Britain's defence workforce, or its future civilian trade in a peaceful Middle East, in mind. The defence industry, and its lobbyists, will have played their part. We may read of a series of well-meant mistakes, for which no one in particular is to blame. That is the way of bland British inquiries. Yet this time may be different. It is just possible that one or more of the relevant protagonists will be seen to have been caught with his trousers down.

LETTERS TO THE EDITOR

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Basics for industrial strategy

From Mr David A Turnbull.

Sir, In their report, ("Minister agrees to study CBI demands on policy", October 13) Roland Rudd and Tim Burt referred to Tim Sainsbury, the industry minister, saying he might consider issuing a white paper setting out the government's industrial objectives. As nobody in industry knows where the government is going, the sooner he gets on with it the better.

The report also referred to Mr Howard Davies, director-general of the Confederation of British Industry, asking the government for a co-ordinated coherent policy for manufacturing and industry. May I suggest that Mr Davies reads the earlier published national strategy document of the UK Industrial Group, titled "Manufacture or Die".

In this, the UK Industrial Group clearly sets out the fundamental economic requirement of £40bn of extra industrial output to resolve the problem. It would be more productive for the CBI to use its cosy relationship with the government to address that issue, rather than simply ask for more of what the government is already giving.

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Acceptable 'audit' of charities

From Dr Simon Zadek.

Sir, As a small charity, we do not feel "under attack" by the new Home Office report on the voluntary sector (Leader, October 13). Any contribution to an evolving understanding of the role and effectiveness of the sector should be welcomed, not least when this has engaged the time, energies and insights of dozens of researchers and hundreds of voluntary organisations.

We would, however, caution against at least one aspect of the report. While there should be no objection to the principle of performance assessment, this process should directly voice the views of the intended beneficiaries.

The aptly named "social audit" we recently piloted with the fair trading company Traidcraft offers one way to do this (Accountancy column, August 26). The process engages key constituents who may have no formal, executive authority, but on whose behalf actions are being taken (and money obtained). They set the performance indicators by which the organisation's social or ethical record is audited, with the results published alongside the annual accounts.

This, and aspects of the Home Office report, both hopefully contribute to a process which enables the voluntary sector to maintain the standards of innovation, flexible organisation and accountability to which it aspires.

Simon Zadek,
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Guide to empire-building aspirations of accountants

From G M Simon.

Sir, I share the reluctant admiration expressed by Mr George Lapsley (Letters, October 8) at the empire building inherent in the draft guidance produced by the working party of the Institute of Chartered Accountants on the audit of internal controls. But he is mistaken in suggesting that it has not also thought of extending the suggested audit to other fields such as marketing, quality, value for money and product development.

These (and other) fields are specifically considered in the 67 pages of the draft and its 6 appendices (incidentally the original Cadbury code of best practice is a modest two pages). For example, Chapter 2 refers to "commitment to quality and competence", which is said to be useful in preventing or limiting fraud, and "commitment to truth and fair dealing", which is said to be a guide to how employees will react to pressures.

These audit processes are said to be desirable for all business activities, no matter what the size.

The working party is curiously silent on auditing the prompt payment of bills or assessing the auditors on a value for money basis.

By coincidence, Christopher Lorenz on the same day ("The best way to rear corporate babies") comments on the proven need in the development of new business ventures by large corporations for them to be "sheltered from normal planning and control systems; otherwise they will be strangled". Perhaps that exclusion explains the vigorous growth of local business on the Pacific rim, where the UK chartered accountant is rarely seen.

But let's not confuse matters by imagining that strangulation is bad for business. It does, of course, enable the chartered accountant to fulfil another fee-earning role – that of corporate undertaker.

G M Simon,
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No alternative to real policy

From Mr Stephen Thomsen.

Sir, Michael Cassell's article on Britain's success in attracting inward investment ("A challenge to pole position", October 13) promotes the idea that attracting inward investment should be an end in itself.

As a recent Chatham House study demonstrated, Britain's success in attracting investment extends well beyond the obvious examples of American and Japanese companies, and this attraction shows little sign of waning.

Such investment is generally beneficial and should be welcomed, but it is not a panacea. Forty-one foreign companies among the top 100 British exporters have done little to eliminate trade deficits or to alleviate unemployment.

The British government should concentrate on macro-economic and commercial policies instead of using inward investment as a surrogate for industrial policy.

Stephen Thomsen,
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Japan's trade access limitations require unorthodox responses

From Mr C Fred Bergsten.

Sir, In commenting on my article, "Good and bad of managed trade" (August 18), Daniel Moylan asks (Letters, August 23) for criteria to judge whether voluntary import expansions (VIEs) will increase economic wealth. There are three such criteria: (1) demonstrable limitations on market access for specific products; (2) where foreign goods or services are demonstrably competitive; (3) where the preferable policy responses, eliminating a visible barrier or applying anti-trust policy to collusive corporate practices, are unavailable. In such cases, VIEs will increase competition and reduce prices.

Mr Moylan fears that political clout rather than these objective criteria will determine which sectors get VIEs. But political capture is much less for VIEs than for the bad form of managed trade, voluntary export restraints (VERs), because proper VIEs (as with semiconductors to Japan) set targets for imports from all countries. Uncompetitive American exporters would thus derive little benefit from a VIE negotiated for their products by the US government.

This latter point exposes the errors in Professor Bhagwati's letter (August 24) on my article and in Miti official Risaburo Nezu's subsequent contribution ("An ill-advised way to manage trade", September 1). Mr Bhagwati claims that VIEs give "your producers" a guaranteed market share and promote cartels. But exporters in all countries must compete for the newly available market. The framework agreement released by President Clinton and former prime minister Miyazawa in Tokyo explicitly states that "benefits under this framework will be on a most favoured nation basis", refuting Mr Nezu's claims that the Clinton administration "seems to be pursuing" enhanced market access only for American firms.

Finally, Prof Bhagwati is flatly wrong in charging that my discovery of Japanese import barriers is a recent phenomenon. In "The United States-Japan economic problem", published by the Institute for International Economics in 1985, William Cline and I derived estimates of the adverse impact of Japanese barriers on American exports that are quite similar to those in my new "Reconcilable Differences? United States-Japan Economic Conflict". Prof Bhagwati also inferred incorrectly that I advocate VIEs for all 12 sectors analysed in the new study; I plainly stated that NIEs are useful only for intermediate industrial products and cannot be applied to consumer items, and that they "should be used sparingly and only with the utmost care".

Japan's access limitations severely damaged the prospects for both trade liberalisation and an effective General Agreement on Tariffs and Trade, which Prof Bhagwati and Mr Nezu claim to support. It is that country's pervasive pattern of exclusionary corporate practices, combined with opaque governmental intervention, that requires resort to unorthodox policy responses like VIEs.

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Case for rail privatisation

THE PRIVATISATION of British Rail has been characterised by erstwhile friends of the government as a "privatisation too far". It has few enthusiastic proponents outside the ranks of cabinet ministers and their political advisers. Rail commuters and other train users have no great fondness for the often shambolic service that BR inflicts on its passengers. But they find it hard to see privatisation as anything more than an attempt to cut rail services and force fares up still further.

That is strange, for given the success of past privatisations, neither outcome seems inevitable. Prices for telephones, gas and electricity have fallen for many customers. In telecommunications, where privatisation has released the strongest competition, new services are added to the existing ones almost weekly.

It is true that water prices have risen since privatisation. But this has more to do with tighter European Community water standards than private ownership. Higher water bills would have been inevitable whatever the industry's ownership (a point not readily grasped by the public after the unwisely large pay rises for the directors of the privatised water companies).

What is unarguable is that all the utilities have found it easier to raise capital outside the public sector, free of Treasury constraints on borrowing. Investment long-delayed under nationalisation has been funded after privatisation. Regulation has increased competition and kept the lid on price rises. The utilities have also improved their service standards, addressing familiar complaints such as unreliability over home appointments.

Fiscal climate

Similar benefits cannot be guaranteed for rail privatisation. But they are surely more likely than under public ownership. In the present fiscal climate, the investment the rail network needs if services are to improve will not be found in the public sector. Capital needed to upgrade track, modernise rolling stock and build new lines will come from the private sector or not at all.

Privatisation also offers the chance to bring in commercial management and to open the railways to innovation. The productivity savings that commercial management can find in nationalised industries have been demonstrated in earlier privatisations.

In some cases, it may be management buyouts which win the franchises to run rail services. Released from the shackles of a nationalised industry, the existing managers will be free to manage and to compete with other forms of transport. This is already evident on the line between London and Gatwick airport, the first to experience competition. The three BR divisions competing for passengers on this line have been spurred on to find new ways of expanding their market share.

Exchequer subsidy

What makes rail different from previous privatisations is that it involves a public service which is loss-making. Other nationalised industries may have temporarily lurched in and out of the red. But most of the rail network will require an exchequer subsidy well into the medium term. That is why BR could not be sold off as a whole, with the sort of share sale that in previous privatisations generated razzmatazz and some popular enthusiasm.

That is also why rail privatisation has had to be so fiendishly complex, making it harder to sell to a sceptical public. The track infrastructure will be separated from the running of trains. Rail freight will be sold off. But BR's passenger services will be franchised out, with the contracts going to the bidders requiring the lowest subsidies. In effect, the private sector is being invited to manage passenger rail services on behalf of the public sector.

If loss-making rail services can be contracted out to the private sector in this way, the same approach could be extended to other public services. Indeed, the management of 10 per cent of the UK's prisons is already being put out to tender in a similar manner. Rather than being a privatisation too far, the model adopted in rail privatisation could be the future that works for unprofitable public services.

This is the first of two leaders on rail privatisation.

Multi-media superhighways

THE AVERAGE telephone line in the US is used for only 20 minutes a day. For the remaining 23 hours and 40 minutes, it is dead. This basic fact underlies the current convergence between the telecommunications and cable television industries, which was epitomised by this week's $22bn bid for Tele-Communications, the largest US cable television group, by Bell Atlantic, a large regional telecommunications carrier.

Bell Atlantic and Tele-Communications believe that by combining forces they will be able to sell customers a rich diet of services over a single network: ordinary entertainment and telephone services to start with, but eventually home shopping, access to databases, picture telephones and much else. The same desire to fill the unused hours on the telephone lines with extra services underlies recent multi-billion dollar investments in cable television by US West and Nynex, two other US regional telecommunications carriers.

There are those who are sceptical about the current enthusiasm for "multi-media" convergence. They point out that attempts to merge telecommunications and computing companies in the early 1980s failed because it was impossible to devise products which appealed sufficiently to customers. Similarly, it has yet to be proved that customers want to buy new multi-media services.

Cost advantages

But the industrial logic driving the convergence of cable TV and telecommunications does not rely on consumers showing interest in new and as yet unproved multi-media services. There are cost advantages in combining ordinary entertainment and telephone services over a single infrastructure. This has already been shown in the UK, which has become a telecommunications laboratory since deregulation in the mid-1980s. British cable TV companies are successfully offering combined telephone and entertainment services at lower prices than either service could be provided on its own.

If anything stops the convergence of the two industries, it will be regulation rather than industrial logic. There are already signs that the Bell Atlantic/TCI takeover will face tough scrutiny from the authorities. The reason is concern among politicians and consumer groups that instead of competing head-on, cable TV and telecommunications operators will join forces and push up prices for both telephone and TV services.

This argument misses the point that cable TV and telecommunications companies have in the past not competed at all. Regulations have kept them out of each others' businesses, so creating local telephone and cable monopolies. Now these regulations are crumbling. In August, for example, Bell Atlantic won a legal case allowing it to provide video services over its main telephone network.

Hasten competition

But barriers still largely remain on cable companies providing telephone services over their networks. Rather than seeking to use regulations to slow down convergence, the authorities should press ahead with deregulation as a means of hastening competition in both industries.

There is one important caveat. Telecommunications operators should continue to be prevented from linking up with cable companies operating in the areas where they run telephone services. Such integration would be seriously anti-competitive, as it would eliminate major potential competitors.

But allowing link-ups with cable companies outside the areas where they provide telephone services is a different matter – particularly if combined with a policy of freeing both cable and telecommunications groups to offer a full range of services over their networks. Such an approach would eventually mean that customers would have a choice between two integrated fixed-link operators, instead of facing monopoly suppliers for two separate services. Further competition will be provided by operators offering television and telephone services via satellite and radio links.

Restructuring the industry in this way will have considerable benefits for customers. Far from increasing prices, competition would drive them down. Meanwhile, the industry would be able to bring the dead hours of the telephone network to life.

The Bell Atlantic-TCI merger reflects US faith in the new age of multi-media communications, says **Martin Dickson**

Tremors on the television

A year of ever-increasing seismic rumblings in the US telecommunications industry culminated on Wednesday in an earthquake of colossal proportions which promises to transform the sector and give America a powerful push towards the long-heralded "information age".

Bell Atlantic, the most innovative of the nation's giant "Baby Bell" local telephone companies, announced plans to buy Tele-Communications Inc, the largest and most aggressive of the cable companies which pipe dozens of television channels into American homes. The agreed deal could end up worth more than $20bn – over $30bn with TCI's debt added in.

Underpinning the deal is the belief that the combined forces of a telephone company and a cable company will be far better placed to exploit the new age of multi-media, interactive television than the two businesses acting alone.

This is not in itself a new idea. In the UK, which has one of the world's most liberal regulatory environments, cable and telephone companies (including three Baby Bells) are already co-operating to build networks offering combined cable TV and telephone services.

In the US, the earth tremors which preceded this week's deal came from other Baby Bells taking stakes in the cable industry. Southwestern Bell is spending $650m on two cable systems in the Washington area, while US West has spent $2.5bn buying a 25 per cent stake in *Time Warner's cable and entertainment* business.

What is different, and important, about the Bell Atlantic deal is its scale and scope. By bringing together two of largest and most aggressive players in their respective industries, it would create the first multi-media company with a national reach.

And the fact that it is a full merger, rather than a loose alliance, should give the new Bell Atlantic greater management, technological and financial resources than most of its rivals to invest in creating a multi-media communications network – the "information superhighways of the 21st century" – and a powerful national brand name.

It is hardly surprising, then, that Mr Raymond Smith, the chairman of Bell Atlantic, should immodestly describe the deal as a "perfect information age marriage" and "a model for communications companies in the next century."

Indeed, it is expected to set off a rush of takeovers of cable companies by the Baby Bells and some of the larger independent local phone companies scattered across the US, such as GTE.

However, the TCI takeover also raises some huge questions about the emerging multi-media world.

First, it would blow a huge hole in the already crumbling regulatory wall erected by Washington between the US cable/entertainment and telephone industries. How much concentration of power – either horizontally between service providers or vertically with entertainment originators – should the federal government's anti-monopoly watchdogs sanction? And how much is commercially sensible?

Second, to what extent will this deal, and any copycat ones, give other countries a push towards the introduction of multi-media services, and the US a global competitive advantage in supplying them?

"The principal asset this company will have is leadership," says Mr John Malone, chief executive of TCI. "I think it will be the leader of the industry on a worldwide basis."

Third, how much demand really exists for the brave new world of interactive multi-media when many consumers have trouble programming a video recorder or keeping track of the choices offered on a few dozen existing channels?

Behind the frenzy of deal-making in the US telecoms and entertainment industries lies a technological revolution which is causing the phone, media and computer industries to converge in one giant sector, often called "communicopia."

This is multi-media in nature because video, audio and data information can all be transformed into the same digital form and transmitted in vast quantities down modern fibre optic cables to television terminals in homes, offices or mobile telephones. It is interactive because powerful microprocessors and sophisticated software embedded in the system are allowing the consumer to send more and more information back down the line.

The day is not far off, insist communicopia evangelists, when someone sitting at home will be able to call up hundreds of channels of television, pay bank charges, or summon a movie at the press of a remote control button. More sophisticated uses could include contacting a friend in a distant city on a video phone and going on a joint TV shopping trip, browsing through video shopping catalogues together.

The two industries best placed to package and distribute these new services are those which have existing wires going into US homes and offices – the local telephone companies, which provide virtually universal coverage, and the cable TV companies, which service some 60 per cent of US homes.

Until recently, the two sides appeared to be squaring up for a fight over multi-media, but the spate of recent deals shows them recognising instead that they have complementary strengths.

The cable companies' understand programme packaging, and the co-axial cables they send into homes can carry much more traffic than the telephone company's twisted copper. The phone companies have great financial strength, together with expertise in switching traffic – which is vital to the interactive part of the multi-media revolution.

Technical change, therefore, has led to a compelling logic for the combination of these two distribution industries, leaving the US regulatory framework lagging behind.

It was only two years ago that the seven Baby Bells won a court case giving them the right to enter the information and entertainment industry. They had been banned from the sector, for fear of their monopoly power, under the 1984 anti-trust court settlement that spun off the Baby Bells from their parent, American Telephone & Telegraph, which is restricted to the long-distance market.

The combined company will be far better placed to exploit the new age of multi-media, inter-active television

And the local phone companies are still banned from owning or buying video services in the regions where they also provide a telephone service, under a 1984 act designed to protect cable companies.

However, in a landmark legal breakthrough, Bell Atlantic won a court case in Virginia in August allowing it to offer a cable service in its own region, on the grounds that the 1984 act violated the company's constitutional rights to free speech. The case is under appeal, and does not apply to the other Baby Bells, but it is a clear indication of the way the regulatory winds are blowing.

It also gives added point to the deal with TCI. For while Bell Atlantic is obliged to sell TCI's cable operations which overlap with its region, it plans to set up new cable operations of its own, in competition with other local cable companies. Outside of its own region, the new Bell Atlantic will also help TCI set up telephone operations, in competition with other Baby Bells.

In other words, the deal envisages a world where two or more combined cable/telecommunications companies in each region will vie with one another to supply customers with multi-media services. Says Bell Atlantic's Mr Smith: "I believe that when the regulators and Congress look at it they will see it is very competitive."

That is a very moot point. While the Justice Department, which oversees anti-trust issues, and the Federal Communications Commission, which sets the detailed rules for the industry, may be fairly sanguine about the deal, several leading Democratic Congressmen see it as potentially anti-competitive.

According to Mr Edward Markey, chairman of the House of Representatives sub-committee on telecommunications and finance: "Only through competition between the cable and telephone industries can we hope to bring consumers lower prices and greater choice."

One important question is whether consumers will be offered a genuine choice between competing multi-media companies in each region, but that may only become clear as the revolution unfolds.

Another is whether the new distribution giants will have so much monopoly power that they can act as "gatekeepers" – forcing independent providers of programmes to accept poor financial terms before distributing their products to homes.

According to Mr Edward Fritts, president of the National Association of Broadcasters, the monopoly power of the new Bell Atlantic and "its ability to discriminate against broadcasters and other non-affiliated programmers is beyond all measure."

These concerns have been heightened by a rush among both Baby Bells and cable companies to form links vertically with programme producers – a trend demonstrated clearly in the current battle for Paramount Communications, the film and publishing group, and the Bell Atlantic deal.

QVC, which is making a hostile $9.5bn offer for Paramount, has financial links with TCI and is rumoured to have been in talks with several Bell companies about possible finance. A rival $7.5bn offer from cable group Viacom has $1.2bn in backing from Nynex, the Baby Bell serving the Northeastern US.

As part of the TCI deal, Bell Atlantic wants to buy an associated company called Liberty Media, which has interests in several large cable programming channels. Bell Atlantic boasts that it will create "the world's premier communications, information and entertainment company". This general rush into programming could end with the telephone and cable companies paying high prices for creative assets which can walk out the door. And since cable law mandates that programmers sell their wares to all comers, at market prices, why is vertical integration so vital?

The answer from the multi-media industry is not entirely convincing: the laws may change; a strong stream of in-house product allows greater scheduling flexibility; and in the final analysis the prime determinant of a service provider's success in the new age will be the quality of its programmes, which in turn should ensure high profit margins for production companies.

All this, however, still leaves a huge question mark as to whether consumers want to pay for all these potential new services. The multi-media industry is hoping that at the very least it will be able to attract revenues from other large industries, such as the $60bn catalogue shopping sector or the $12bn video rental market.

But the track record of some US experimental systems suggests that demand could be very slow in developing. At Cerritos, in California, where GTE has had a multi-media test running for four years, local enthusiasm for interactive services appears muted.

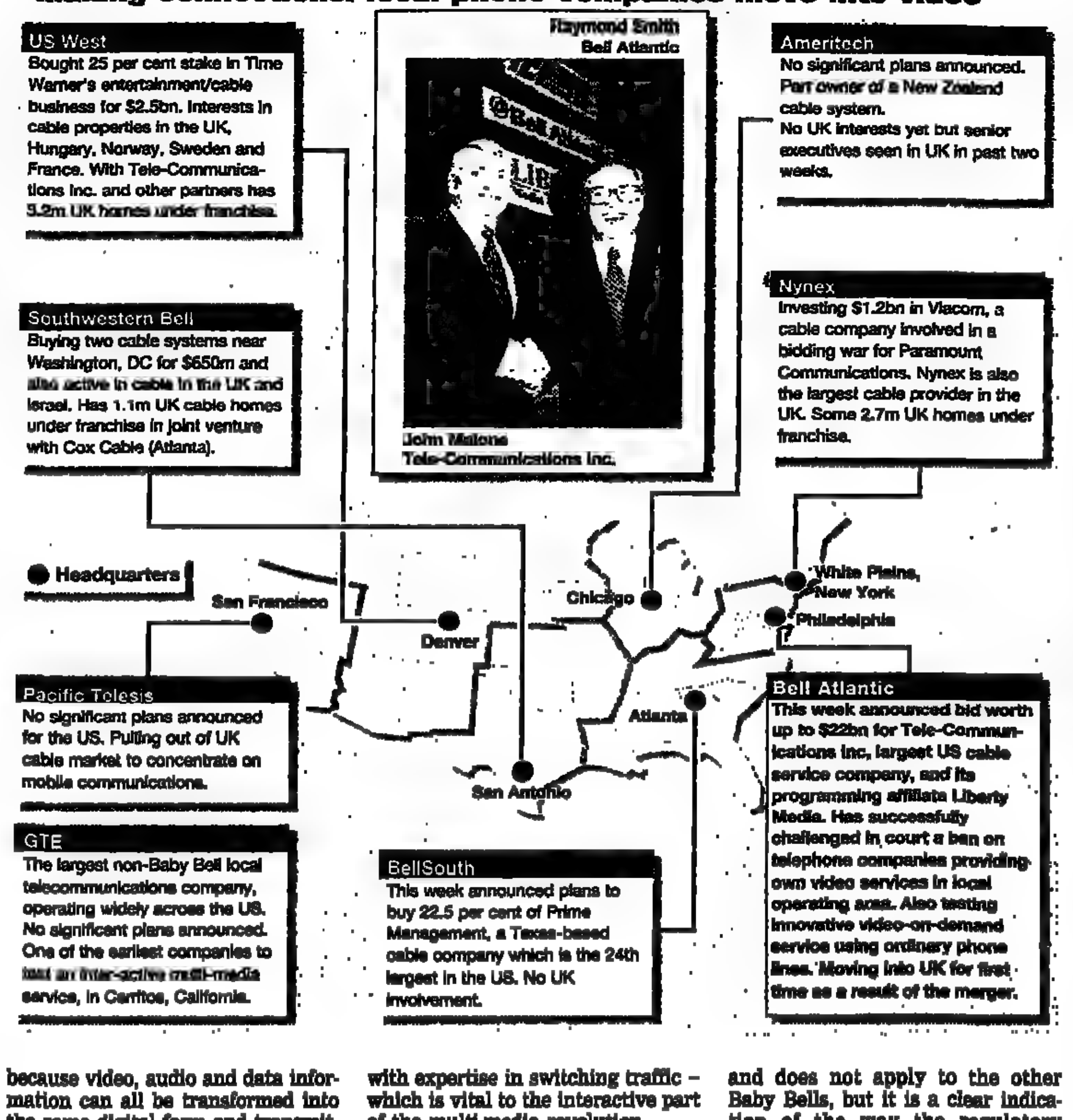
However, this apparent reluctance to embrace the information age could change rapidly if technology now in the pipeline makes the service much more easy to use, and adds useful new services such as video telephones. Insists Mr Smith: "The fear that there is no demand for multi-media services is totally misplaced. The surprise will be how fast the market develops."

As for international markets, the TCI deal could give Bell Atlantic something of an advantage over other US companies, though it remains to be seen what other powerful alliances emerge in the wake of this deal.

Yet the formidable regulatory barriers faced by Bell Atlantic in the US are small compared to those it would face in Continental Europe, where state owned telephone companies have monopoly rights to voice services until 1998.

But despite all these hurdles, Mr Smith may well be right in his judgement that "the entire communications industry stands on the verge of a new growth curve the like of which we have never seen." At least he's betting $30bn on it.

Making connections: local phone companies move into video



OBSERVER

It's a family affair

■ When it comes to open government, Harold Wilson's celebrated kitchen cabinet looks to have been a relatively loosely-knit organisation compared with the arrangements being made by Greece's new socialist premier Andreas Papandreou.

Far from operating downstairs, his advisory network will reach into the conjugal bedroom with the appointment of his wife Dimitra to head his private office.

It's true that the former Olympic Airways stewardess won't be on the government payroll, and that she has denied having political ambitions. But her influence on her husband is already showing, if socialist insiders are to be believed.

They claim she was behind the omission from the new official cabinet of another female sharing the prime minister's surname, although not a relation – Vasso Papandreou, a former trade minister and EC commissioner. Her exclusion certainly seems strange since not only did she get more votes in last week's election than any other parliamentary candidate, but her connections in Brussels could have helped the socialists to woo approval in the European Commission.

On the other hand, one who did get a government job, as undersecretary for culture and sport is journalist George Lianis who, besides having won popularity as a backbencher, happens to be Dimitra Papandreou's cousin. And the junior minister in charge of relations with Greek communities overseas, George Papandreou, is the prime minister's eldest son.

Found marbles

■ As Jacques de Larosière eases himself into the marbled splendour of the European Bank for Reconstruction and Development, the new president might care to consider the history of the site on which the building now stands.

It was in 1247 that the priory of St Mary of Bethlehem outside Bishopsgate was established, and, as Europe's second lunatic asylum after Granada in Spain, began to take in lunatics 130 years later. Nedward, in *The London Spy* of 1698, wrote of Bedlam, the familiar corruption of Bethlehem, "'tis an almshouse for madmen, a showing room for harlots, a sure market for lechers, a dry walk for loiterers". By 1675, the hospital had outgrown its accommodation and moved to Moorfields, whereupon the building was turned into the capital's first workhouse.

Post haste?

■ A year to the day since EC president Jacques Delors offered employment at a wage of Ecu 200,000 to anyone who could come up with a one-page explanation of how subsidiarity might work, Observer discovers that no adjudication has taken place.

The impossibility of the undertaking is undoubtedly underlined by Delors' spokesman having personally received just two attempts. "It was no doubt taken as the *plaisanterie* it was," he harrumphs.

But the silence from Brussels has disappointed one, *prima facie* excellently qualified, reader. Victor Ross, retired chairman of Reader's Digest, has been bombarding Delors' office with requests about the progress of his submission. Answer comes there none.

He does admit, however, that delegation of responsibility for the acknowledgment of solicited mail below a certain level of competence was perhaps an aspect of subsidiarity he should have considered in his own entry.

'At least my new Jean Paul Gaultier's come in handy'

Understated

■ Precious few relics of 1968 have stood the test of time. But Time Out, the London listings and reviews magazine which started life 25 years ago this week, has lasted the course.

Always willing to tackle off-beat subjects, it also exhibits a fine sense of self-irony by re-running in its own birthday publicity material reminders of some of the magazine's more spectacular howlers.

One was the 1990 guide to Sarajevo, which contained the immortal assessment: "For the time being, the city's atmosphere of multicultural tolerance still holds good."

Talking Turkey

■ Official visits by European heads of state are seldom cancelled at short notice. All the more embarrassing, then, if the trip is supposed to celebrate a landmark anniversary in diplomatic relations.

So a number of eyebrows were raised when President Suleyman Demirel of Turkey decided to call off at the 11th hour a visit to mark the arrival in London, 200 years ago, of the first Turkish ambassador. Apparently the president, who was due in Britain this week, was upset to learn that neither the prime minister nor any member of the royal family would be attending the banquet he planned. His patience seems finally to have snapped when he was informed that, should he wish to touch down in London later than 4 pm, he could not expect a red carpet welcome at the airport.

The Foreign Office swears that it is domestic concerns which prevent the president from travelling abroad. An official did have to agree, however, that the carpet impasse sounded "very British".

Cover girl

■ Rather more peripatetic is Turkey's glamorous prime minister Tansu Ciller, who today meets President Clinton in Washington. She will be pleased to know her staff back home are looking after her interests. One British journalist, writing for the Chatham House Papers, has just requested an interview with the premier on her return. "What house is that?" enquired an adviser. After hasty consultations with another aide, the staffer returned to the phone. "And will she be on the cover?"

FINANCIAL TIMES
Friday October 15 1993

Clinton calls release hopeful step towards accord

Aideed frees hostages and demands peace role

By Leslie Crawford in Mogadishu and Jurek Martin in Washington

SOMALIA'S rebel warlord, Gen Mohammed Farah Aideed, yesterday freed a US helicopter pilot and a Nigerian soldier after four days of intense negotiations spearheaded by Mr Robert Oakley, the US special envoy in Mogadishu.

Warrant Officer Michael Durant, shot down 11 days ago in a battle against Gen Aideed's militias, was carried out on a stretcher and handed over to officials of the International Committee of the Red Cross.

The Nigerian peacekeeper, Trooper Umar Shantali, had been captured on September 5 during an ambush in which seven of his compatriots died.

Their release ended one of the shortest hostage crises of recent US history. It also appeared to secure a central role for Gen Aideed in defining the future of his war-shattered and clan-divided country.

In Washington, US president Bill Clinton said that "no deals" had been struck to secure Warrant Officer Durant's release.

He said his warning last week of the consequences of harm being done to the helicopter pilot "sent a strong message that was obviously heard".

He described the release as one of a series of "hopeful actions" which demonstrated US policy in Somalia was "moving in the right direction and making progress".

Clinton airs fears on UN operations..........Page 8

A few hours before the hostages were freed, Gen Aideed emerged from four months in hiding to announce the imminent release of his "prisoners of war".

In exchange, he expected the immediate and unconditional release of his men. About 50 members of Gen Aideed's National Somali Alliance are thought to be held by the UN.

Gen Aideed, who is wanted for the murder and mutilation of 24 Pakistani peacekeepers during an ambush in June, said he would remain in hiding until the UN and US had sorted out their contradictory statements about his safety.

He said he wanted an "independent inquiry" into "all the crimes committed since June". He claimed 9,000 Somalis had been killed or wounded since the UN launched retaliatory attacks four months ago.

The general appeared confident that his demands would be granted. He promised to uphold his unilateral ceasefire, and clearly expected to form part of fresh political talks on Somalia's future.

"I want a pivotal role in the peace process. There is no reason to exclude me," he told reporters at a safe house.

The UN will find Gen Aideed's demands unpalatable. The UN operation in Somalia has lost 70 peacekeepers and fought itself into a military quagmire in Mogadishu in a fruitless attempt to bring Gen Aideed to justice.

It was not immediately clear how the UN intended to accommodate all of the warlord's demands without undertaking humiliating policy reversals.

Bank of Spain cuts rate by half point

By Peter Bruce in Madrid

THE Bank of Spain yesterday cut its benchmark interest rate half a percentage point to 9.5 per cent, the lowest since 1978.

The move came after the minority socialist government of prime minister Mr Felipe González secured safe passage for its tight 1994 budget on Wednesday.

Finance ministry officials said the Bank's action, quickly followed by base rate cuts by the country's big commercial banks, also reflected satisfaction with inflation figures for September and a promise on Wednesday by trade unions to continue negotiating a three-year wage moderation pact with the government.

The government and its main partner in parliament, the ruling Catalan CiU, announced agreement over the budget which would allow the Catalans to vote in favour of its passage. A small grouping of independent Canary Island MPs also said they would vote for the budget and its success is now all but assured. That, in turn, virtually ensures the survival of the government for the next year.

The Catalans had threatened not to support the budget – which cuts non-interest spending and, for the first time, imposes taxes on unemployment benefits – largely in an effort to force the central government to speed up the transfer of political and fiscal powers to Catalonia.

The socialists, nevertheless, appear to have won this fight. They have only had to fulfil an old promise to allow Catalonia and other regions to spend 15 per cent of the income taxes raised by the central government in their territories.

Subsequent negotiations, and suggestions that they might fail, allowed the Catalans to claim that they had, in fact, wrestled away hard won concessions.

The CiU is unlikely to want to see the collapse of the government of Mr González in the foreseeable future, and political observers in Madrid suggest that while the socialists remain a parliamentary minority, an artificial tension with the Catalans is likely to become the hallmark of Spanish politics as the CiU struggles to build up nationalist support in Catalonia.

Lex, Page 18
Currencies, Section II
International bonds, Page 23

THE LEX COLUMN

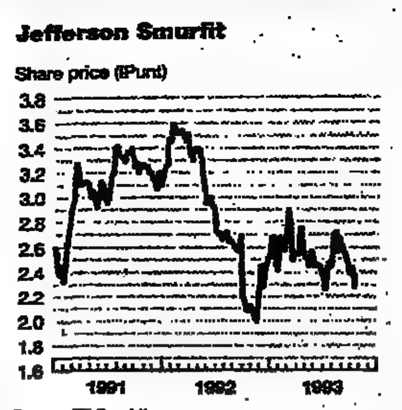
United they fall

The foreign exchange market appears to be losing patience with European countries that dawdle over cutting interest rates. While the Spanish peseta was resilient in the face of yesterday's half point cut in money rates, the French and Belgian francs have come under pressure. According to conventional wisdom, the exchange markets will soon force these countries to crack. Unless they cut their interest rates below those in Germany, recession will swell their budget deficits uncontrollably. Paradoxically, lower interest rates, which would alleviate this risk, might actually strengthen their currencies.

Yet there is a large difference with the situation at the end of July when the French franc was at its floor in the ERM. Now the D-Mark could rise another 36 centimes before the resolve of the authorities to defend its wide-band limits would be tested. The Belgian franc is more vulnerable as long as the country has no social pact, but a similar argument applies. Currency speculators are not remotely in sight of the substantial short-term gains which drove them into such a frenzy in July.

As long as they continue to believe German rates will fall reasonably soon, the French authorities, and probably the Belgians too, may still consider temporary currency weakness preferable to an open severance of their link to German policy. A belief that this link is paramount for long-term credibility on inflation would explain their behaviour since the August crisis. It is cold comfort to British exporters who are looking for signs of economic life on the continent to fill up their order books.

FT-SE Index: 3086.4 (+5.4)



Source: FT Graphite

Biotechnology

While the giants of the UK drugs industry are out of favour, the pigmies are winning friends. Not all are biotechnology companies in the strictest sense. But it matters little that Scotia – which raised £40m yesterday – is working with fatty acids rather than large proteins. Like British Bio-technology last year and Celltech next month, it is issuing shares to finance the development of drugs which are some years from the market. The latest spate of offerings owes much to the relaxation of stock exchange rules demanding a three year profits record.

There is no evidence that small companies are better at steering drugs through development. Biotechnology drugs often command high prices, so the threat of government regulation – such as President Clinton's proposed National Health Board – is just as real. Diagnostic products arguably face lower regulatory hurdles, but that is no guarantee of commercial success. Drew Scientific, the diagnostics company which floated in May, has already issued its first profits warning. The gamble is that just one in a portfolio of small biotechnology stocks will have sufficient scientific and commercial skills to outweigh those that fall by the wayside.

The 30 per cent fall in the US biotechnology sector this year argues for caution. There has been a handful of spectacular successes, but more disappointments than anticipated when the biotechnology bandwagon rolled down Wall Street in 1990. Many US companies which raised funds then are thirsty for more. With their home market in sceptical mood, the new-found enthusiasm of UK investors must look too good an opportunity to miss.

Jefferson Smurfit

Cardboard boxes provide little shelter when the chill winds blow, as Jefferson Smurfit's 33 per cent fall in interim trading profits exemplifies. The length and severity of the current downturn have made this a paper cycle like no other. Demand in Europe and the US has remained depressed and even where volume increases have been achieved they have been more than offset by falling prices. Ireland may be picking up. The UK, though, remains anaemic, while recession in Germany and France has deepened. The supply side is little better. With the US awash with finance, even weak paper companies, which may have perished in previous downturns, have been able to refinance to keep excess capacity alive. Yet few companies have been strong enough to endure the financial pain of shutting capacity themselves. Smurfit is lucky to have its Latin American operations to keep it whistling by contributing 73 per cent of trading profits. Even here, however, conditions are likely to soften in the second half.

But Smurfit is not a case of hope abandoned so much as of hope again deferred. Yesterday's 4 per cent share price fall perhaps reflects little more than lack of patience. Like all paper companies, Smurfit badly needs a firmer upswing in the economic cycle – or at least a dose of inflation. A bonus should come from the flotation of JSC, its leveraged US associate. But this, too, will have to wait for the upturn.

Body Shop

Fears that the Body Shop's franchise would be undermined by a mix of copycat commodity products and changing consumer fashions have tarnished the company's star rating. Yet if the recent UK performance is any guide, Body Shop may yet regain a dull shine. Declines in like-for-like sales have slowed substantially as the company has focused on basic selling skills. Even in a market which has had time to become tired of the idea, solid retailing ideas may help Body Shop hold out against competition such as Boots' Natural Collection.

That offers hope for the international expansion of the chain, since Body Shop also faces generic competition in overseas markets – most notably in the US. Perhaps the main issue here, however, is the company's ability to manage the logistics of a global business with 1,000 franchise outlets. Part of the explanation for international profits rising more slowly than sales is said to be that the company is investing in the structure of the business. A further bolstering of the management team in this area might also reassure.

As Body Shop has fallen back to a rating broadly comparable with the market, its appeal rests on the prospect of growth from its international operations. That in turn depends upon the strength of the brand and its continuing capacity to maintain premium pricing. Even mighty Philip Morris has worries on that score, so Body Shop still has reason to be cautious.

Confusion grows over UK upturn amid fall in jobless

By Emma Tucker and Andrew Baxter in London

CONFUSION about the strength of the UK recovery grew yesterday as news of a surprise fall in unemployment last month coincided with predictions of thousands of engineering redundancies and a British Aerospace announcement of 1,000 planned job cuts.

The 13,600 drop in the seasonally adjusted jobless total to 2.908m in September was the sixth monthly fall so far this year and took unemployment to its lowest level since October 1992.

But the upbeat message of the figures was overshadowed by renewed fears of inflationary pressures in the economy, with Department of Employment figures indicating that the rate of growth in average earnings has not much further to fall.

Yesterday's news rounded off a week of dismal UK economic figures – including a drop in manufacturing output over the summer – which cast doubt on the robustness of the recovery. Together they may add to pressure on Mr Kenneth Clarke, UK chancellor, to avoid sharp tax increases in the November Budget and to sanction an early cut in interest rates.

Despite the drop in the jobless total, Britain's Engineering Employers Federation warned that the recovery in engineering output had halted and that a further 60,000 jobs were yet to be lost. The federation, which represents 4,800 companies, accused the Treasury of being "isolated from the real world" and said there were no prospects of a strong recovery in west European markets until 1995.

Compounding the gloom, BAe announced it was cutting 1,000 jobs across four plants in England and Scotland, reflecting its difficulties in depressed world markets.

The problems facing the manufacturing sector were highlighted in the official unemployment figures which showed that in spite of the overall fall in the jobless total, manufacturing employment dropped a seasonally adjusted 24,000 in August, following July's fall of 11,000.

The chancellor's room for manoeuvre on interest rates may be curtailed by signs that inflation is creeping up. Mixed news on earnings growth yesterday added to these worries.

Average earnings rose an underlying 3.5 per cent in the year to August, still the slowest rate for 25 years. But earnings for manufacturing are rising faster than other areas of the economy, even though the sector suffered heavy job losses in July and August. In the year to August, average earnings in manufacturing rose 4.75 per cent compared with 2.75 per cent for the service sector.

BAe cuts 1,000 jobs, Page 10

Belgian franc at new low

Continued from Page 1

from FFr3.5290, as the Bank of France kept its principal rate unchanged at 6.75 per cent.

Meanwhile, Spain's half point cut in its key money rate to 9.5 per cent boosted Spanish government bonds and helped the peseta, though rate cuts normally tend to weaken currencies.

Mr Nicholas Parsons, an economist with the Canadian Imperial Bank of Commerce, said: "The Spanish cut showed the way but the French and Belgians have been fighting...to keep rates high. The subsequent strength of the peseta shows it is not lower rates but the absence of growth caused by high rates which is killing the currencies."

Pravda must change name

Continued from Page 1

Mr Yeltsin, in a further attempt to strengthen his political hand, appeared to be moving closer to holding a constitutional referendum at the same time as the elections in December. The referendum is expected to ask the Russian people if they support Mr Yeltsin's plans to introduce a new constitution.

In an attempt to push through economic reforms before the elections, Mr Shakhrai said Mr Yeltsin would soon sign a decree allowing the free sale of land with "certain government regulations attached". The old parliament had inserted in the old constitution a 10-15 year moratorium on the resale of land.

FT WORLD WEATHER

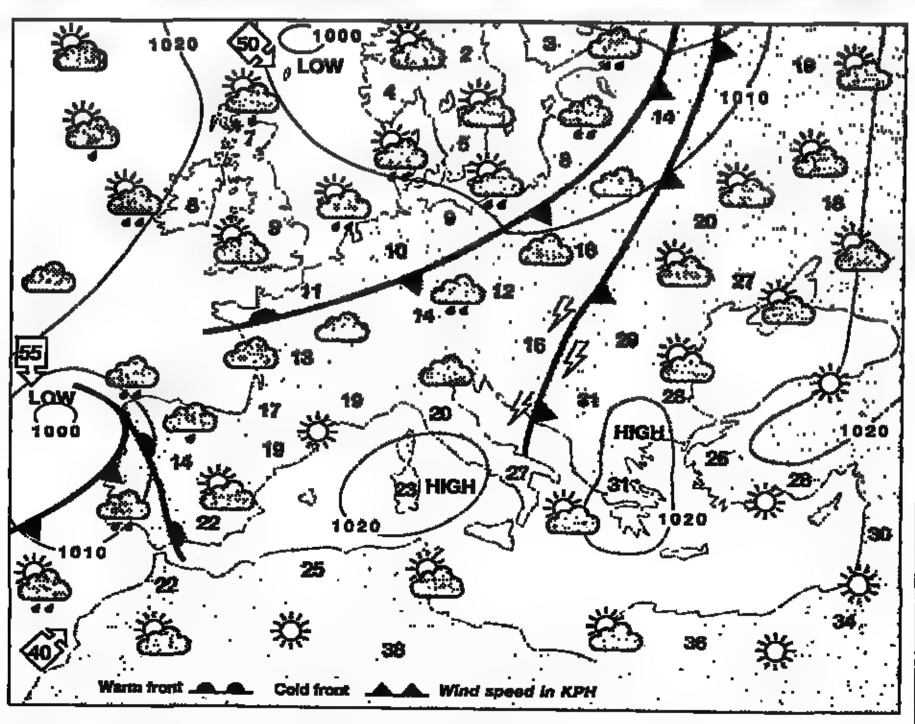
Europe today

Low pressure will bring snow to northern Scandinavia as maximum temperatures remain below freezing. Meanwhile, southern regions will have sunny periods. Showers will arrive along the coasts of north-western Europe. Scotland will have a mixture of rain and snow showers.

Central Europe will be overcast with patchy rain. South-eastern Europe will have sunny periods with temperatures exceeding 30C in some places. However, thunderstorms will develop over Hungary, Slovenia and Croatia along the boundary of the warm air in the east and cooler air in the west. A developing depression near Portugal will cause heavy outbreaks of rain over the western part of the Iberian peninsula.

Five-day forecast

A strengthening high will move over southern Britain towards eastern Europe bringing sunshine and calm conditions. Overnight, temperatures can drop below freezing with fog patches. During the weekend, showers will move from the Iberian Peninsula to central Europe. Western Scandinavia will have heavy outbreaks of rain, especially on Monday. Northern Scandinavia will have freezing but dry conditions.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	34
Accra	fair	30
Algiers	fair	25
Amsterdam	shower	11
Athens	fair	29
B. Aires	rain	20
B.ham	fair	8
Bangkok	cloudy	33
Barcelona	sun	20
Beijing	fair	16
Belfast	shower	6
Belgrade	thund	27
Berlin	cloudy	10
Bermuda	shower	28
Bogota	cloudy	18
Bombay	rain	31
Brussels	cloudy	10
Budapest	thund	19
C.hagen	shower	9
Cairo	sun	34
Cape Town	sun	20
Caracas	cloudy	30
Cardiff	fair	9
Chicago	shower	19
Cologne	cloudy	9
D' Salaam	shower	28
Dakar	cloudy	30
Dallas	fair	29
Delhi	sun	33
Dubai	sun	35
Dublin	cloudy	8
Dubrovnik	fair	24
Edinburgh	shower	7
Faro	rain	20
Frankfurt	cloudy	12
Geneva	fair	12
Gibraltar	rain	19
Glasgow	shower	7
Hamburg	shower	9
Helsinki	fair	5
Hong Kong	cloudy	27
Honolulu	fair	31
Istanbul	sun	26
Jersey	cloudy	14
Karachi	sun	39
Kuwait	sun	35
L. Angeles	fair	22
Las Palmas	fair	25
Lima	cloudy	21
Lisbon	rain	16
London	fair	10
Lux.bourg	cloudy	10
Lyon	fair	16
Madeira	shower	24
Madrid	shower	14
Majorca	fair	22
Malta	fair	29
Manchester	fair	8
Manila	fair	30
Melbourne	fair	15
Mexico City	fair	21
Miami	fair	31
Milan	fair	18
Montreal	fair	13
Moscow	rain	15
Munich	rain	12
Nairobi	fair	29
Naples	fair	24
Nassau	shower	31
New York	fair	16
Nice	sun	19
Nicosia	sun	32
Oslo	fair	4
Paris	cloudy	13
Perth	shower	22
Prague	cloudy	12
Rangoon	fair	34
Reykjavik	fair	0
Rio	shower	25
Riyadh	sun	35
Rome	fair	22
S. Frsco	fair	18
Seoul	fair	20
Singapore	thund	28
Stockholm	fair	5
Strasbourg	cloudy	14
Sydney	rain	20
Tangier	rain	21
Tel Aviv	sun	33
Tokyo	fair	16
Toronto	cloudy	14
Tunis	fair	29
Vancouver	cloudy	14
Venice	cloudy	19
Vienna	cloudy	16
Warsaw	cloudy	15
Washington	fair	21
Wellington	fair	15
Winnipeg	fair	8
Zurich	cloudy	13

RECRUITMENT

JOBS: Clear lead for Oxford in graduate employment league

How universities fared

IT'S like saying goodbye to an old fiend – by which is meant the devilish-looking table to the right. Working it out has been a regular task for the Jobs column's present writer every autumn since the era of slide-rule calculations in 1972. As I'm due to retire in early February, however, it will tax my number-crunching patience no more.

It nevertheless leaves me with twinges of regret, not least because along the way it happens to have provoked a change in attitudes towards an important item of public spending. The reason is that, while I had no such intention on starting the exercise 21 years ago, the table turned out to be the forefather of what are now called "higher educational performance indicators" and in use in various parts of the world. But I'd better choke back the nostalgia for the moment, and explain what the figures are about.

The focus of the exercise is the United Kingdom's largely state-financed campus universities – or at least the 45 of them which enjoyed university status before the erstwhile polytechnics were elevated to the same title. And the table's prime purpose is to show how the 45 institutions' new graduates fared in the badly depressed jobs market of 1992.

The first column of figures sets out the total number of new bachelor-level graduates domiciled in the UK, as distinct from those coming from overseas, produced by each institution in the summer of last year. The second shows the percentages of them who could no longer be traced by their Alma Mater on December 31, six months after they gained their degree.

The next section of the chart, consisting of five columns, refers to the 1992 graduates whose whereabouts could be traced, beginning with the numbers thereof. Then come four sets of percentages. The first denotes those who obtained a job with long-term prospects, and the next those who continued in full-time study or training. Both of those sets could be said to have found regular occupations for their highly educated talents. But the other two groups are different.

One is the people who declared themselves not available for employment at all, as opposed to those who returned to some organisation which had kept them on its books while they were at university. The other group, coming last in the section, lumps together those who were unemployed at the year-end and those who, although they'd obtained a job, were in only temporary employment expected to last at most three months.

That *Short-term work or jobless* figure – which could be seen as a crude gauge of the institutions' job-market performances in 1992 – was for years the best measure I could produce. Alas it gave rise to academic protests that it was unfair in making no allowance for variances in the mix of subjects taught by different universities. After all, those with a large proportion of engineers and the like in their graduate output have a built-in advantage over those concentrating more on the arts side.

The snag was that, while little would have pleased me better than to adjust for subject-mix, officialdom refused me access to the necessary detailed data. So, considering the employability of expensively educated graduates a matter of legitimate public interest, I just carried on on printing the only measure I could produce.

Thanks to growing acceptance of the need for performance-indicators, however, I can now do better. In the the past few years the university authorities have taken to publishing management statistics allowing the subject-mix adjustments to be made. But I still can't make them for 1992 alone, because the published figures are for three-year periods, in the latest case for 1990-92.

Hence the final, three-column section of the table, on which the ranking of the institutions is based. The first of the columns gives each of them a "target" representing the number of its new graduates who would have been in the short-term and jobless group if they'd conformed to the all-universities average for their respective subjects. The next column shows the number actually in that group, and the third shows the percentage by which the actual score bettered or fell short of the target.

Michael Dixon

UNIVERSITY	Total of new UK graduates produced in 1992	% not traced as at 31/12	No. whose activity was known at 31/12	% of known-activity graduates in: Long-term jobs	Further study or training	Not seeking post	Short-term work or jobless 1992	Adjusted scores 1990-1992: "Target" number short or jobless	Actual number short or jobless	% Difference +better -worse
Oxford	2,796	11.2	2,484	46.9	41.1	4.6	7.4	1,140.1	694	+39.1
St Andrews	778	5.0	739	37.6	44.9	5.7	11.8	329.5	229	+30.5
Durham	1,458	9.3	1,323	44.1	36.1	5.8	14.0	567.2	402	+29.1
Brunel	533	8.1	490	61.8	22.1	2.2	13.9	219.0	156	+28.8
Queen's, Belfast	1,813	3.1	1,758	37.3	44.8	3.4	14.5	746.2	566	+24.1
Lancaster	1,162	15.8	978	44.5	30.3	8.6	16.6	447.9	343	+23.4
Hull	1,420	9.2	1,289	41.2	35.7	7.4	15.7	602.3	469	+22.1
Dundee	742	8.2	681	43.3	40.0	5.1	11.6	210.2	164	+22.0
Nottingham	1,877	15.3	1,589	54.6	27.2	6.6	11.6	616.2	485	+21.3
York	1,037	7.4	960	45.7	32.2	6.5	15.6	478.8	386	+19.4
Bath	829	4.6	791	60.9	18.0	3.3	17.8	322.9	262	+18.9
Cambridge	2,837	13.6	2,450	41.7	39.2	7.7	11.4	991.8	819	+17.4
Surrey	732	8.5	670	60.4	23.9	4.0	11.6	260.8	216	+17.2
Salford	942	16.3	788	59.8	23.7	5.2	11.3	346.0	294	+15.0
Aberdeen	1,119	6.7	1,044	44.9	35.5	5.1	14.5	442.3	381	+13.9
Exeter	1,370	2.0	1,342	48.4	26.5	8.2	16.9	562.0	485	+13.7
Leicester	1,318	11.7	1,164	36.9	42.3	4.5	16.3	493.7	478	+ 3.2
Sheffield	2,002	8.4	1,833	48.6	32.0	4.8	14.6	756.1	738	+ 2.4
Ulster	1,770	1.1	1,750	53.5	26.5	2.9	17.1	797.3	794	+ 0.4
Birmingham	2,241	6.6	2,093	45.5	28.9	6.5	19.1	791.7	791	+ 0.1
Kent	984	16.1	826	43.5	32.3	2.3	21.9	422.2	424	− 0.4
Newcastle	1,947	8.3	1,785	52.7	26.6	6.6	14.2	704.1	709	− 0.7
East Anglia	1,040	7.4	963	42.0	30.2	6.9	20.9	476.9	482	− 1.1
Edinburgh	2,014	9.1	1,831	40.6	34.5	6.9	18.0	724.5	736	− 1.6
Heriot-Watt	630	7.7	584	52.0	21.1	5.3	21.6	268.2	274	− 2.2
Glasgow	2,159	5.3	2,045	42.2	35.9	3.5	18.4	876.7	901	− 2.8
Reading	1,435	7.7	1,325	49.8	25.4	6.7	18.1	605.9	630	− 4.0
Bradford	957	6.4	896	56.5	18.4	5.1	20.0	393.7	411	− 4.4
Loughborough	1,304	7.3	1,209	58.2	19.6	5.7	16.5	515.0	541	− 5.0
Aston	816	6.1	766	68.5	11.5	3.5	16.5	300.0	318	− 6.0
Leeds	2,963	4.7	2,823	48.4	27.8	6.2	17.6	1,057.0	1,122	− 6.1
Essex	695	11.2	617	32.1	42.6	7.9	17.4	304.5	324	− 6.4
Stirling	649	9.9	585	56.9	20.2	5.8	17.1	266.2	284	− 6.7
Manchester	2,962	9.6	2,679	46.2	29.8	5.4	18.6	1,068.9	1,142	− 6.8
Strathclyde	1,562	6.9	1,454	51.2	28.6	5.6	16.6	544.4	592	− 8.7
Bristol	1,860	5.5	1,757	43.3	28.6	10.0	18.1	694.0	757	− 9.1
UMIST	885	7.8	816	51.3	24.8	5.3	18.6	317.8	350	−10.1
Keele	601	11.1	534	42.7	35.2	0.9	21.2	311.4	346	−11.1
City	577	10.9	514	51.1	13.8	3.7	21.4	200.2	224	−11.9
Wales	5,317	11.3	4,716	36.3	38.3	4.4	21.0	2,053.4	2,383	−14.4
Southampton	1,657	13.7	1,430	42.6	27.3	6.9	23.2	585.2	679	−16.0
London	8,005	16.3	6,697	47.4	28.4	5.3	18.9	2,491.6	3,066	−23.1
Liverpool	2,149	8.1	1,974	40.6	30.5	3.9	24.8	776.7	966	−24.4
Warwick	1,678	7.0	1,560	46.9	24.5	6.7	21.9	675.1	854	−26.5
Sussex	1,050	12.6	918	38.1	30.0	8.9	23.0	438.1	557	−27.1

QUANTITATIVE INVESTMENT MANAGEMENT

UK Equity Index Funds

Attractive Salary & Benefits Package

Our client is a market leader in the management of passive and active quantitative portfolios and is one of the largest fund management groups in the UK, with an exciting and challenging future ahead.

An opportunity has arisen to join this successful team by taking a leading role in managing UK Equity Index Funds valued at some £4 billion. Primary responsibility will be the management of client portfolios and will encompass other activities associated with managing large and growing quantitative funds.

If you are a graduate, in your mid 20's and with 3 years' experience of the UK Equity Market, this will appeal to you. You must be committed to developing a career in quantitative fund management in a progressive and innovative team, where your contribution will make a difference.

If you wish to pursue this opportunity, please write in confidence, enclosing your cv, to Martin Symon at the address below.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

Project Finance

BankAmerica Corporation is presently the second largest bank holding company in the United States, with annual earnings in excess of US$1 billion. Through its principal banking subsidiaries, it provides diverse financial products and services to individuals, businesses, government agencies and financial institutions throughout the world.

The role of the Europe, Middle East & Africa Division Project Finance group is to market the Bank's expertise in advisory work on private finance infrastructure to governments, contractors, suppliers and other advisors in the UK and Europe as well as execute advisory mandates across a wide range of projects including water, waste, power, transport and telecommunications.

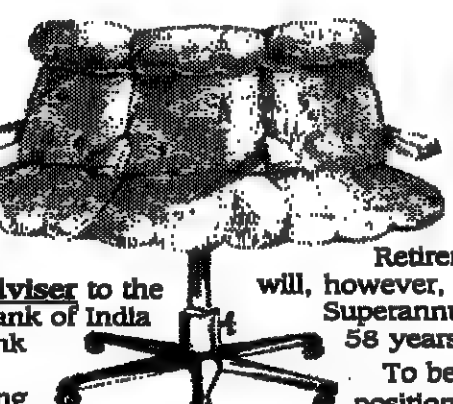
The Bank is recruiting a Project Finance Associate to join its established Project & Export Finance team based in London. The successful candidate will handle work on projects, analyses, research, database creation, computer modelling, proposal and information memoranda production, and presentations to clients. After a period of time, the successful candidate may be required to undertake business travel at short notice.

Candidates will be high calibre graduates, possibly with an engineering background and/or an MBA, with at least one year's relevant work experience. They will possess strong analytical skills, a high degree of numeracy as well as demonstrated experience in financial modelling using Lotus or Excel. A second language and familiarity with desktop publishing software would be an advantage. Strong interpersonal skills and the ability to work in a multiple project environment are essential.

Applicants whose background matches our requirements, are invited to write in strictest confidence with full personal career and salary details to Beverley Fleet, Personnel Officer, Bank of America NT & SA, 1 Alie Street, London E1 8DE.

Bank of America

To understand the nature of the Chief Economic Adviser's job at State Bank of India, take a seat.



To be eligible for the position of the Chief Economic Adviser, you have to be comfortable carrying out multiple roles under one designation.

As **Chief Economic Adviser** to the top management at State Bank of India you will act as the think-tank and advise the Bank on the multifarious changes occuring on the national and international economic front, this in conjunction with the role that the banking sector in general and the State Bank of India in particular may be required to play.

As **Chief Economic Adviser** you will head the Economic Research Department at the Bank's central office and will guide the activities of its existing six divisions, namely Money and Banking, Trade and Industry, Library, Publications, Evaluation and Monitoring cell, and the International Services Divison.

As **Chief Economic Adviser** you will also scan and analyse the rapid changes taking place in the banking scenario, in India and globally. You will keep the top management updated so as to enable the Bank to initiate timely pro-active measures in the relevant areas and make endeavours to integrate the activities of the Economic Research Department with those of the other departments in view of the importance of macro level economic planning (in relation to both the domestic and the overseas operations of the Bank).

The position, which is presently at Bombay, is in the Top Executive Grade, Special Scale I (Chief General Manager) and carries a basic pay of Rs. 7150/- (fixed). The total monthly emoluments at present are Rs. 12,000/- approximately. The post also carries attendant benefits and perquisites which include housing facilities, car with driver, contributory PF, leave travel concession, re-imbursement of medical expenses, entertainment allowances and other benefits all as per the Bank's rules. Retirement benefits will, however, not include pension. Superannuation will be at 58 years of age.

To be eligible for the position of CEA you should be a citizen of India and a senior economist of repute, preferably from the academic world or from other research establishments with substantial experience in Applied Economic Research. A doctoral qualification in Monetary Economics/ International Economics is also essential. You should also have a thorough knowledge of financial markets/economies of India and other countries of the world.

The maximum age limit is 50 years which is relaxable in case of exceptionally qualified candidates.

Selection will be by interview after preliminary screening.

Please apply within 30 days, giving full details and attaching copies of certificates and documents to the address given below.

You'll discover it to be a highly advisable move.

The Chairman,
Central Recruitment Board,
(State Bank Group)
State Bank Bhavan, Central Office,
P.O. Box No. 21, Madame Cama Road,
Nariman Point, Bombay 400 021.

State Bank

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The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone:

Clare Peasnell on 071 873 4027

DIRECTORATE GENERAL OF HYDROCARBONS GOVERNMENT OF INDIA

THE POST OF DIRECTOR GENERAL: The Chief Executive of the organisation recently set to promote sound management of the Petroleum resources. The organisation consists of Exploration, Production & Operation, Planning & Field Development, Data Management, Technical Safety & Working Environment, Administration and Finance Depts.

QUALIFICATIONS: Post Graduate degree in geology, geophysics or petroleum engineering. Ph.D. in related field and qualifications both from Indian Universities and abroad would be preferred.

EXPERIENCE: About 25 years. Person has to deal with full spectrum of upstream petroleum sector so a wide experience in all related fields is required. Person to be familiar with planning and monitoring of mega-projects, with advising the Government/National Agencies/ major oil companies. Preference will be given to a candidate having substantial experience of working both in India and abroad.

AGE: Not more than 55 years.

TERM: Five years or till the attainment of 56 years of age, whichever is earlier.

NATIONALITY: Indian citizenship would be preferred. However, other nationals of Indian Origin can also apply.

SALARY & PERKS: Appropriate to qualification & experience. Negotiable.

Applications with detailed bio-data and up-to-date ACR dossier, should be sent through proper channel to the following address within 21 days.

Secretary, *Ministry of Petroleum &* natural Gas, Room No. 207-A, Shastri Bhavan, New Delhi-110 001 India

CHEMICAL

Member of The Securities and Futures Authority

LOAN SYNDICATIONS – DISTRIBUTION

Exceptional opportunity to join Global Leader in Loan Syndications

Excellent salary and benefits

Chemical Bank is a broad based Global Bank with first class trading skills, investment banking flair, and commercial banking reputation.

With net income for 1992 in excess of $1 billion, a strong capital base and a rising credit rating, the bank is a major force in international banking.

Chemical is currently Number One in Loan Syndications world-wide and is now seeking to recruit an experienced salesperson to join the successful distribution team of its Loan Syndications and Asset Sales Group in London.

The position reports to the Head of Distribution and will involve the marketing of loans and credit facilities for distribution to banks and other financial institutions in a fast paced and dynamic environment.

The principal challenge of the job is to maintain a constant view of the market and the marketability of various types of transactions, working with the originators and investor base to ensure successful execution. Candidates are likely to be graduates with a minimum of 3 years' relevant experience in loan syndications or in marketing associated credit products, and possess strong credit skills. In addition, they must be fluent in at least one foreign language and have a natural sales ability coupled with the desire to work as part of a team. Familiarity with bank investors would be a distinct advantage.

Applicants should apply in writing, including a full curriculum vitae, to: Mel Northfield, Human Resources Manager, Chemical Bank, 125 London Wall, London EC2Y 5AJ.

Transaction Management

Derivatives Documentation Manager

London **£ Excellent Package**

Our client, a British investment Bank, is a leading global player in swaps and derivative products. As a result of continuing expansion in business volumes and complexity, they now seek to appoint a London Documentation Manager. This new position will report to the Global Head of Documentation and will manage the day-to-day support for both UK and European trading activities across a diverse client and product base. Responsibilities include:

* Working closely with sales and trading in solving pre-trade issues on complex negotiations.
* Developing new product documentation for advanced derivative products.
* Transaction management, negotiation and documentation.
* Supervision and training of negotiators, monitoring work output and standards.

The successful applicant will have significant commercial and negotiating experience, gained directly in a transaction management group or similar within a large bank or financial institution. Product and technical expertise is essential in structuring both deal and master documentation. If not a qualified lawyer from a leading law firm, you should be qualified by experience.

A team player with instinctively sound judgement, you will have a confident yet diplomatic approach and the commitment to achieve the highest standards. The ability to work under pressure is needed in this 'live' environment. This challenging and exciting position carries a competitive salary and benefits package that will reflect experience.

For further information, in complete confidence, please contact **Tim Smith on 071 831 2000** or write to him at **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Please quote reference 165128.**

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

DERIVATIVE PRODUCTS EXECUTIVE

Bankers Trust New Zealand Limited

Strategic & Risk Management Role With Industry Leader

Auckland CBD **NZ$ Significant**

Worldwide, Bankers Trust enjoys a position of pre-eminence and leadership in the management of risk associated with trading in the global financial markets. In Australasia, the banks' operations have consistently out-performed the competition across a wide range of activities and critical measures. Bankers Trust New Zealand, established in 1986, has an industry-leading financial markets trading operation across debt securities, foreign exchange and derivative products. The Bank's success rests on its considerable financial resources, a reputation for product innovation skill, a commitment to leading-edge technology, and a strong, performance-driven corporate culture based on the excellence of its people.

The New Zealand economy has a solid platform for growth, with inflation at 1%, a low interest rate regime and deregulated financial and labour markets. BTNZ, positioning itself to take advantage of the upturn, now seeks to appoint a senior-level swaps or derivatives specialist to take responsibility for developing the business from strategic perspective.

It is likely that candidates will be aged in their thirties and have had several years experience in the derivatives markets. This experience will encompass exposure to the development and modelling of new products, the utilisation of swaps and options in risk management strategy, and product trading and distribution. In addition the successful candidate will evidence an understanding of economic influences on the financial markets, and an ability to relate effectively to clients, peers and subordinates in the trading environment. Tertiary qualifications are appropriate.

Bankers Trust New Zealand seeks to attract the best, and the compensation package will reflect this. Generous relocation assistance will be made available. Auckland City offers a cosmopolitan lifestyle yet easy access to outstanding recreational and leisure facilities.

Expressions of interest can be initiated by telephoning or sending your Curriculum Vitae to Tony Forsyth, Director/General Manager of Sheffield Consulting Group at the address below, or alternatively after hours on +64-9-378 6770, quoting Reference 14220.

Telephone +64-9-377 3119
Facsimile +64-9-307 2322
PO Box 5621, Auckland, New Zealand

Sheffield
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Our clients are a dynamic subsidiary of a well respected UK clearing bank providing cash flow finance services for growing companies. As a result of an internal reorganisation they are seeking a General Manager to be responsible for the control – excluding marketing – of their invoice discounting operation which is projected to grow from £30m to £100m within five years. The successful candidate, supported by a staff of up to 15, will report to the Operations Director. In particular he/she will be expected to manage the portfolio so that the bad debt risk is almost entirely mitigated, as well as to review the ongoing development of management information systems and working practices. Applicants aged 35 to 45 are likely to be graduates with a further professional qualification, preferably ACIB or ACA. Success in the medium term could lead to a Board appointment. Please write with full CV, including salary history and daytime telephone number quoting reference 2174/FT, to R P Carpenter FCA, FCMA, ACIS, Phillips and Carpenter, 2-5 Old Street, London W1X 3TB. Tel: 071-493 0156 (24 hours).

Phillips & Carpenter

Selection Consultants

James Capel Fund Managers Limited

member HSBC *group*

Fund Management

Client Liaison and Marketing

Attractive Salary & Benefits — **City**

James Capel Fund Managers Limited (JCFM) is the European arm of HSBC Asset Management, a leading global investment management house with over £17bn under management. As part of HSBC Holdings Plc, JCFM has access to an unparalleled network of international branches, affiliates and contacts and a powerful resource base.

JCFM has developed a new approach to client liaison to provide clients with enhanced service. The Client Investment Services department has been established, to work closely with our fund managers, with the direct responsibility for ensuring that timely, comprehensive and authoritative information and service is provided to all our clients. It participates in asset allocation and plays the lead role in winning new business from prospective clients.

Segregating responsibility for service to the client and management of their fund is a new concept, which we believe requires distinctive talents. We are seeking a depth of knowledge of fund management, combined with outstanding interpersonal and communication skills. Previous marketing or direct client liaison experience would be invaluable.

Candidates must be mature, energetic and professional and must possess the ambition to compete for and win business, while offering clients the finest level of service available in the industry.

If you would like to move into a Client Investment Services Manager role within JCFM please write enclosing full cv. Reference 1M2226 to NBS, 54 Jermyn Street, London, SW1Y 6LX.

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Aberdeen 0224 638080 • Edinburgh 031 220 2250
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TRAINEE DERIVATIVES TRADER

CNA (UK), a leading financial Options Market Making firm, seeks applicants for positions on London's International Financial Futures Exchange. Candidates must be University qualified, Numerate, Highly motivated and disciplined for this demanding environment. Send all enquiries to:

M. Bushore,
1-3 College Hill,
LONDON EC4 2RA.

HEAD OF GLOBAL CUSTODY

Global Custody is a business of strategic importance to this quality London-based bank.

Fundamental to the custody business is the safekeeping of third-party assets. It is essential that candidates possess demonstrable knowledge and experience of the operations and procedures which preserve the efficiency and integrity that this demands.

The changing face of transaction and settlements technologies make it clear that success will be heavily conditional upon the development of a robust marketing strategy coupled with tangible product development. The candidate must have been accountable for both of these matters and be able to show success in dealing with them.

The candidate must also understand the importance of computer systems in maintaining competitive advantage and must be experienced enough to address them at a strategic as well as operational level.

It is expected that candidates will also possess:-

- ☐ specific experience in ancillary, added-value products
- ☐ the ability to work closely with senior bank's employees
- ☐ an industry or professional qualification.

Candidates will currently be filling a similar position in financial services, banking, or perhaps a specialist Global Custody house. It is likely too that they will be aged between 35 and 48.

This is a senior position, reporting to an Executive Director. Remuneration will be negotiated to reflect the qualities and experience of the successful candidate, but it is unlikely that he or she is currently earning a base salary of much less than £55,000.

Please write with full cv, stating any companies to which your application should not be sent, to:
Trevor Roberts, Confidential Reply Handling Service, Ref 717,
Associates in Advertising,
5 St John's Lane, London EC1M 4BH.

ASSOCIATES IN ADVERTISING

SAMUEL MONTAGU

Specialised Financing

Samuel Montagu is the UK merchant banking arm of the HSBC Investment Banking Group. Samuel Montagu's Specialised Financing Division provides clients with a broad range of bespoke financial solutions in areas such as Acquisition Finance, MBO/MBI Finance, Mezzanine Finance, Tax Based Finance, Syndicated Lending & Banking Advisory. It has a broad range of clients based in both the UK & Continental Europe. As a result of increased business activity the Division now seeks to hire the following:

EXECUTIVES – Age 23-28

Two executives to join established business teams and provide analytical and marketing support to senior managers and directors. The ideal candidates will be credit trained graduates with 1-2 years banking experience and should be familiar with complex financial modelling techniques. Strong interpersonal skills are a prerequisite and fluency in another European language would be an advantage.

MANAGER – Age 26-32

One Manager to join the Asset Based Finance Team, a leading arranger of tax and other regulatory transactions in UK and Europe. The successful candidate will be a graduate, either a solicitor from a City firm or ACA, with ATII or equivalent plus at least 3 years post qualification experience in UK/international tax. A high level of technical ability is desirable as well as the ability to develop sophisticated financing structures and communicate them effectively to clients.

These positions offer excellent career prospects for ambitious young professionals seeking a move to a more challenging sector of the financial markets. The positions also offer a competitive remuneration package including the full range of banking benefits.

Interested candidates should contact Niall Macnaughton at BBM Associates Ltd (Consultants in Recruitment) on 071-248 3653 or write, sending a detailed Curriculum Vitae, to the address below. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ — BBM ASSOCIATES — Tel: 071-248 3653 Fax: 071-248 2814

CJA RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 071-588 3588 or 071-588 3576
Fax No. 071-256 8501

Exceptional career opportunity - scope to be Fund Manager with own client list in 2-3 years

ASSISTANT FUND MANAGER - PRIVATE CLIENTS

CITY — **£15,000-£20,000 + BONUS**

ASSET MANAGEMENT ARM OF GLOBAL FINANCIAL INSTITUTION

One of our client's most senior Fund Managers is seeking an Assistant to work alongside him in providing a quality service to his substantial discretionary clients. We invite applications from candidates, ideally graduates and likely to be in their 20's, with a minimum of one year's experience supporting a Fund Manager in a respected securities or fund management house. The successful applicant will have considerable client contact and will build good client relationships and be responsible for administration, queries etc. and must have good computer skills and a willingness to train and gain professional qualifications. This position calls for highly presentable candidates with strong written and oral communication skills and the drive and commitment quickly tocreate for themselves the opportunity to become an established Fund Manager. Initial remuneration negotiable £15,000-£20,000 + Bonus and package including mortgage subsidy. **Applications in strict confidence under reference AFMPC379/FT to the Managing Director, ACP.**

UK Equity Manager

Shell Pensions Investments, a leading in-house manager, is responsible for the investment of pension funds in excess of £6 billion.

We are currently seeking an experienced investment professional to join a small team responsible for managing our UK equity portfolio. Your prime responsibilities will include:

- Analysis of investment opportunities.
- *Contribution to investment policy and portfolio construction.*
- Implementation of investment programmes.

You should hold a good degree together with five years' fund management experience and an excellent track record. Numeracy and strong fundamental analytical skills, combined with an appreciation of modern investment techniques are essential.

An attractive compensation package is offered together with excellent benefits.

Please write with full CV, including current salary details, to: The Investment Manager, Shell Pensions Investments (FNT/1) Shell Centre, London SE1 7NA.

Royal Dutch/Shell Group

BG

Based in Edinburgh, we are one of the UK's leading investment management firms. As a result of our continued success, particularly in attracting clients from the United States, we are now looking for a high calibre individual to join our Overseas Marketing Department.

MARKETING SUPPORT

Edinburgh

You will work closely with our team responsible for attracting business from international clients. This will involve statistical compilation and analysis, handling responses to questionnaires and preparing proposals for potential clients. You will also assist in the design and production of marketing material using in-house Desk Top Publishing systems.

Educated to degree level, you should have a good understanding of performance statistics and a reasonable knowledge of investment management. You will also be computer-literate and most importantly be able to demonstrate good report-writing skills.

Please apply, enclosing full CV and quoting current package to Ros Daniel at:

Baillie Gifford & Co.,
1 Rutland Court,
Edinburgh EH3 8EY.
Tel: 031-222 4000.
Fax: 031-222 4099.

Closing date for applications: Tuesday 26 October 1993.

BAILLIE GIFFORD & Co
Investment Managers

PRODUCT DEVELOPMENT MANAGER

REVOLUTIONARY *dynamic*
Professional
How Fidelity
Responsive **Works.**
CREATIVE

An aggressive expansion plan underpins all of Fidelity's activities. Already the world's largest private investment company, we have grown to become one of the largest unit trust groups in just over a decade. Sustaining our enviable reputation for product innovation and service excellence is critical if we are to continue this momentum.

Your role is crucial in this respect. You will direct the development and launch of new funds, with particular emphasis on our off-shore investment products. This will involve setting up and managing a project team to ensure timely delivery of new products within budget.

Working closely with marketing colleagues in the UK and overseas, you will enjoy a particularly high profile in the company and must be able to influence senior personnel. Consequently, an MBA and at least 3 years' product development experience in the financial services sector are essential. Impeccable analytical and communication abilities are equally important.

In return for your professional and creative approach, you can expect a first class remuneration package. Equally rewarding will be the opportunity to make a significant impact on a truly world-class organisation; one which can give you every possible scope for your future career ambitions.

To apply, write or telephone, in strict confidence, to Fiona Law at FLA Ltd., 211 Piccadilly, London W1V 9LD. Telephone: 071 738 9732. Please quote reference FLPD1.

Fidelity Investments

US INVESTMENT BANK

Emerging Markets Trader

London — **Excellent Package**

Owing to increased volumes and an extension of the scope of its business, the LDC Debt Trading Division of this major US investment bank requires a senior Trader/Structurer. Responsibility will be for strategic positioning of emerging markets debt with a particular concentration on Eastern Europe and Africa and for sourcing paper, restructuring, coordinating and distributing through the existing sales team.

Candidates should have a minimum of twelve years previous LDC trading experience within the Latin American, Philippine, Eastern European and African markets with, ideally, specific recent involvement in Russia and Bulgaria. In addition, they should also have a strong quantitative background (including a second degree in Finance or an MBA), highly developed credit skills, repackaging experience and a working knowledge of major debt restructurings. Fluency in Spanish, French and German is a prerequisite whilst other European languages would be a benefit.

Opportunities within the bank are excellent for those who demonstrate commitment, self-motivation, drive and determination. In addition to a highly competitive basic salary the package will include an impressive range of banking benefits.

Interested candidates should contact Andrew Stewart or Paul Mewis at BBM Associates Ltd (Consultants in Recruitment) on 071-248 3653 or write, sending a detailed Curriculum Vitae, to the address below. All applications will be treated in the strictest confidence.

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London EC4M 9BJ

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MEDIAPA

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Tel: 071 600 2862 Fax: 071 726 4290

ISLE OF MAN GOVERNMENT

FINANCIAL SUPERVISION COMMISSION

SUPERVISOR INVESTMENT MANAGEMENT

The Financial Supervision Commission is responsible for the licensing and supervision of banks, investment businesses, and collective investment schemes operating either in or from the Isle of Man. The Island has established itself at the forefront of effective regulation of financial services provided from an offshore location.

The Commission wishes to appoint a Supervisor - Investment Management to be responsible for the regulation and supervision of collective investment schemes, their managers and trustees/custodians, and for investment businesses which offer a portfolio management service to clients.

The Commission considers that this important and expanding part of the Isle of Man's financial services industry needs to be effectively and sensitively regulated, and so it is looking preferably for someone with a proven track record in investment and fund management/administration who has leadership skills and is able to work as part of a close-knit team and who is aware of regulatory requirements.

The successful applicant will be a mature and confident person who understands the fund management industry, who is able to communicate effectively, and who enjoys creative and challenging work.

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Chief Executive, Financial Supervision Commission, P.O. Box 58, 1-4 Goldie Terrace, Upper Church Street, Douglas, Isle of Man.

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ACCOUNTANCY COLUMN

Balancing rules and professional judgment

Dennis R. Beresford looks at the lessons the UK should derive from US experience

On August 20, the Accountancy Column's subheading stated: "Roger Davis argues that professional experience and instinct should count for more than rigid adherence to the rule book." I submit that accounting standards *and professional* judgment must be more like equal partners. And that companies as well as auditors must supply this judgment.

In the US we have tried both general principles and much more detailed standards. Most business people and senior partners of audit firms support the former in theory but ask for the latter in practice. This is for some of the same reasons mentioned by Mr Davis: the threat of litigation and increasing competition in the audit business. But there are other reasons as well.

One key factor is that business has become much more complex. *Actions* taken by companies to sell their products internationally, protect against a multitude of financial and other risks, adjust to new technology, and other developments often raise new accounting issues. Professional judgment and common sense can guide the accounting for many of these issues.

Nevertheless, most agree that financial reporting is not useful unless there is a reasonable degree of comparability from company to company. Can readers of financial statements place much credibility in those statements if company A decides that an expenditure is an asset and company B decides the same expenditure is a current period expense? When these transactions relate to significant items that affect a wide range of companies some standardisation is essential.

A good illustration is the current debate at the Financial Accounting Standards Board (FASB) on account*ing for hedging transactions.* Many companies have entered into contracts designed to reduce their exposure to commodity, foreign currency exchange, or interest rate risks.

A loss may occur on such a contract that the company expects will be offset by increased profit on a future sale or other transaction. Under what circumstances, if any, should that loss be considered an asset? This is the kind of issue that I believe needs careful consideration by standard setters. A common approach is likely to result in more useful financial reporting.

> **There is a temptation for *standard setters,* encouraged by questions from auditors and companies, to pursue *uniformity past the point* of diminishing returns**

As another example, consider the "simple" case of accounting for business combinations. How should common sense and professional instinct, as Mr Davis puts it, apply to questions such as:

- Why should some combinations be accounted for as acquisitions and others as mergers?
- What future costs should qualify as liabilities in recording an acquisition?
- Should any excess purchase price (goodwill) be charged to reserves or capitalised and amortised?

I submit that these types of pervasive questions are best addressed overall by standard setters rather than case by case. The alternative is chaos in financial reporting where the best individual judgments cannot possibly compensate for lack of reasonable uniformity in the basic reporting model.

At the same time, the standards must recognise limitations and leave room for application of judgment. For *example, a standard might provide* general guidance on the future costs that qualify for liability treatment in an acquisition. But the company and its auditor must exercise considerable judgment in deciding which future *events actually qualify for such* treatment.

There is a temptation for standard setters, encouraged by questions from auditors and company representatives, to go overboard and pursue uniformity past the point of diminishing returns. The FASB has sometimes erred in that direction. The result is rules that only a specialist can interpret, and accounting that loses sight of the objective of meaningful reporting. As Mr Davis puts it: "The avoidance industry will find the loopholes, and the inevitable consequence being yet more rules." I agree that we must avoid that vicious circle.

Striking an appropriate balance between accounting standards and application judgment is not a new phenomenon. For many decades at least, companies and their auditors have had to determine the amounts of allowances for losses on receivables, inventory obsolescence, impairment of operating assets, and countless other amounts in the financial state*ments. A general accounting standard* underlies each of these items but appropriate professional judgment still is critical to the resulting reports being "fairly presented", as we put it in the US.

Another point alluded to by Mr Davis is the length of recent standards. While his reference was to the UK, it also describes the American situation very well. But it is important to analyse the sheer size. Most of our US standards, and increasingly those in other countries, use the bulk of the document to explain why we have done something.

> **Accounting standards *and judgment must* co-exist if the art of financial reporting is to remain relevant. *Finding the right* balance is our challenge**

A "basis for conclusions" describes our reasoning, including our responses to arguments raised during the public comment process. Our documents also often include illustrations and other guidance to make them more user-friendly. A relatively short standard accompanied by reasoning and illustrations seems to be what companies and auditors find most useful.

As mentioned earlier, both the threat of litigation and increasing audit competition have contributed to requests for more standards. Unfortu*nately, we have seen too many situa*tions in which the auditor is told: "I plan to follow this accounting unless you show me a rule that says I can't." One response to this would be what Mr Davis calls this "sticking to what your guts tell you". But that does not assure that the accounting will be appropriate, particularly for emerging issues.

For these new developments, the *FASB's constituents recommended* that an emerging issues task force could assist. Similar efforts were started later in Canada and the UK. These efforts rely heavily on practicing auditors and company financial *officers to resolve issues before they* become bigger problems.

Interestingly, a large number of the matters dealt with by this group in the US have involved broad principles where professional judgment results in too wide a range of reported outcomes. Regulators, the audit firms themselves, or others insisted on more objective sidelines to narrow the application of judgment.

In summary, accounting standards and professional judgment in their application must co-exist if the art of financial reporting is to remain relevant. Finding the right balance, not overly emphasising one or the other, is our challenge.

Dennis R Beresford is chairman of the US Financial Accounting Standards Board

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Candidates should be qualified accountants with previous management experience at the Finance Director or financial controller level. Experience in the industrial service sector or a major project/contract based industrial group together with a proven track record in the implementation and improvement of IT systems would be particularly relevant. Age guideline: 35-45.

Please reply in confidence to Brian H Mason, indicating any organisation to which your response should not be forwarded, quoting Ref L539 at:

Mason & Nurse Associates,
1 Lancaster Place, Strand,
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Aged 27 to 32, candidates will be graduate qualified accountants, with hands on experience of a manufacturing environment, ideally chemical/process or textile based. In addition, a strong commercial acumen and excellent interpersonal skills are a pre-requisite.

*To discuss this position in greater detail, contact **Timothy Bates** on **021-633 0010**, evenings and weekends on **021-313 1671**, or alternatively send your CV to the address below.*

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c £70,000, Car, Benefits

This is a *truly challenging and outstanding* opportunity *to play* a key, senior level role in the development of one of the UK's leading and fastest growing firms of Commercial Solicitors.

An accomplished Accountant, IT literate and aged mid thirties to early forties, the ideal candidate must have a proven record in Senior Financial Management within a blue chip environment. In addition to a high technical financial pedigree, the Finance Director will have broad based business and general management experience, commercial awareness and genuine entrepreneurial flair. A probing style of leadership and top flight communication skills should be enhanced by personal stature. The ability to influence change and bring real added value to a high calibre business is a must.

Performance of a high standard on a day to day, operational basis should be complemented by the intellectual capacity and drive to make a major commercial contribution to the business development and strategic growth of a highly successful firm with very ambitious plans for the future.

Interested candidates should forward a detailed c.v. to: Jack Thomas, Hoggett Bowers, 11 Lisbon Square, Leeds LS1 4LY. 0532 448661, Fax: 0532 444401, quoting Ref: L13181/FT.

Hoggett Bowers
EXECUTIVE SEARCH AND SELECTION

Shipham & Co Ltd

Finance Director

Humberside **c £30,000 + Benefits + Package**

Our client is a long established, autonomous subsidiary of a fast growing Top 100 public group. The company, which has a turnover of £6 million, manufactures valves for a variety of applications worldwide, including offshore oil and gas production, chemical and petrochemical processing, cryogenics, power generation and both naval and merchant shipping. The company adheres to stringent quality assurance standards in it's production processes and has an enviable reputation in its markets.

They now seek to appoint a *Finance Director*. The position reports to the Managing Director and involves leading a team of 10 staff. Responsibilities will include management and statutory accounting, budgeting, forecasting and systems development.

In addition, the Finance Director will play a key role in the future commercial development of the business.

Candidates should be qualified Chartered Accountants who can demonstrate a track record of success to date, ideally gained within an engineering job costing environment. A team player with the ability to work at both a strategic and operational level, the individual will have the initiative, drive and enthusiasm to contribute in a demanding role.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 166323, to **Stephen K Banks ACMA at Michael Page Finance, Leigh House, 28-32 St Paul's Street, Leeds LS1 2PX. Tel: 0532 450212.**

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

European Financial Analyst

South West **c £30,000 + Benefits + Relocation**

Our client is a £150m turnover subsidiary of a manufacturing group whose products are sold across a diverse range of applications. In addition to the UK operation the company has operating units in France, Italy, *Germany and Spain and has ambitious expansion plans for* the future. Following a recent restructure, the new post of European Financial Analyst has been created in order to provide a liaison between the continental operations and the European Head Office.

The purpose of the role, which will involve travel throughout Europe, is to provide a basis for management *planning, operational control and performance appraisal.* Duties will include preparation of budgets and forecasts; analysis of trends in manufacturing, sales, finance and general business conditions; consolidation of European financial information and the undertaking of a variety of economic studies.

The successful candidate will be a CIMA fully qualified accountant with a minimum of two years experience gained in an international manufacturing company and with exposure to strict reporting deadlines. Experience of *reporting under US GAAP would be an advantage.* Strong interpersonal skills, coupled with the ability to work independently and interact constructively with a multi-cultural operational management team, are essential. Fluency in German or another European language is strongly preferred.

This is a rare opportunity for a calibre accountant to join a *profitable and acquisitive group where opportunities for* future growth are limited only by personal ability.

Interested candidates should forward their curriculum vitae to **Karan Paige at Michael Page Finance, 29 St Augustine's Parade, Bristol BS1 4UL. Please quote ref: 159342.**

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Laser-Scan

FINANCE DIRECTOR (DESIGNATE)

Cambridge **£42-£47K + Car + Benefits**

Laser-Scan Holdings plc is a leading developer and supplier of digital mapping, geographical information, high resolution display and film imaging systems. The Group has subsidiaries in the USA and Canada and expects to grow significantly from its current turnover of £10m. Due to promotion, a Finance Director is now sought who will play a key role in the future.

Reporting to the Chief Executive, the job holder will be a *"hands-on"* accounting manager as well as an excellent strategist. You will have full responsibility for both strategic and operational financial management and be expected to contribute fully to general management. Key challenges include improving profitability, seeking growth from organic and acquisition possibilities, maintaining tight financial control and taking responsibility for company secretarial, administrative and personnel issues.

Aged mid 30's plus, the successful candidate will be a fully qualified accountant and preferably a graduate. He/she will have international accounting experience and a sound knowledge of contract negotiations with governmental and other institutions. Additional requirements are strong communication skills, a commercial approach and a pragmatic attitude to problem solving.

The remuneration package will be supported by a range of benefits including car, bonus, share options, health care and pension scheme.

Interested applicants should send a comprehensive c.v. including current salary and daytime telephone number to Phillip Price ACA, quoting reference 905, at Touche Ross Executive Selection at the address shown below.

Touche Ross

MANAGEMENT CONSULTANTS
Leda House, Station Road, Cambridge CB1 2RN. Telephone: 0223 460222.

GROUP FINANCIAL CONTROLLER

London **c. £70,000 + bonus + car**

With its administrative centre in London and high profile operations throughout the world, this *listed international group has substantial interests* in the transportation, leisure and property sectors and turnover of more than £250 million. Following a successful rationalisation of its business activities, the company is well placed for further profitable growth.

Reporting to the head of finance you will be responsible for all aspects of accounting, financial *control and treasury management for the group and, through Divisional Controllers, for all UK* and overseas subsidiaries.

To meet the requirements of the role you are likely to be at least 35 and a graduate chartered accountant, or its overseas equivalent. Whatever your country of origin you must have outstanding technical ability and be equally happy with accounting requirements and business culture on both sides of the Atlantic. Your expertise will have been gained in the profession and from commercial experience, at a senior level, in the head office financial control function of a major international group. Opportunities for career progression to the highest management level are exceptional.

Please send a comprehensive résumé, including daytime telephone number, quoting reference 3331, to Neil Cameron, Touche Ross Executive Selection, at the address below.

Touche Ross

MANAGEMENT CONSULTANTS
Hill House, 1 Little New Street, London EC4A 3TR. Telephone: 071 936 3000.

DEPARTMENT OF HEALTH

FINANCE DIRECTOR

medical devices directorate

London
to £39,776 p.a.
(including Inner London Weighting)

Next April the Medical Devices Directorate will become an Executive Agency of the Department of Health. With some 170 staff and an operating budget of around £11 million, the Agency will contribute to safeguarding public health by regulating and evaluating the medical devices available in the UK to ensure that they meet appropriate standards of safety, quality and effectiveness.

As Finance Director you will play a pivotal role in the critical lead up to Agency status by initiating and implementing new finance systems to meet the Agency's budgetary control and planning needs. The job will include setting up accruals accounting and financial information systems, determining detailed costings of the Agency's activities, and developing and implementing charging policies where appropriate.

A good communicator, able to initiate and manage change in a team environment, you should have a professional accountancy qualification and at least 5 years' experience at a senior level in either a government or commercial organisation, coupled with well developed analytical and strategic skills.

Salary will be in the range £28,904 to £38,000, with further increases to £47,921 depending on performance, plus £1,776 Inner London Weighting.

The appointment is initially for a fixed term of two years, with the possibility of extension.

For further details and an application form (to be returned by 28th October 1993), write to Recruitment & Assessment Services, Alencon Link, Basingstoke, Hampshire RG21 1JB or telephone Basingstoke (0256) 468551 or fax (0256) 846374/846565. Please quote ref: B/2006.

DH provides a *smoke-free environment* for its staff.

Applications are welcome from all sections of the community regardless of sex, religion, ethnic background or disability.

RAS

Financial Director

SE London **To £40,000 + Car + Benefits**

Part of a £100 million turnover group, this FMCG manufacturing company is a leading supplier to major *retailers throughout* the UK.

This is a senior position reporting to the Managing Director and heading up a team of 12, covering financial/management accounting and sales administration. The primary responsibility is for the development and implementation of financial controls and procedures to ensure the timely and accurate production and interpretation of management information in a fast-moving environment where key decisions often need to be made at short notice. The requirement is therefore for a qualified accountant (probably ACMA/ACCA) with strong financial control and reporting skills gained in a high-volume process or transaction environment such as FMCG manufacturing or retail.

Probably in your thirties, with at least 5 years' post qualification experience in industry, you will need to demonstrate first class skills in man management and communications *at all levels* and the maturity and commitment to cope with the peaks of pressure which are inevitable in a fast-moving environment. Computer literacy is essential.

Candidates should send full career details, in confidence, to Portman Price, Executive Search & Selection, 39 Hillcrest Avenue, Edgware, Middlesex, HA8 8NZ Tel: 081 905 4900 Fax: 081 905 4901, quoting reference LH101/FT

PORTMAN PRICE
EXECUTIVE SEARCH & SELECTION

Finance Manager

£24,600 rising to c.£33,000 after incorporation
ESHER, SURREY

Surrey Careers Services, currently a direct service organisation within the Education Department of Surrey County Council, is moving towards becoming a company limited by share capital, the County Council initially being the major shareholder. This change is due to take place on 1st April 1994.

As part of this process, Surrey Careers Services is setting up its own discreet financial, administrative and personnel systems and is seeking to appoint a senior manager responsible for these systems.

You will be a professionally qualified accountant with knowledge and understanding of the role of a Company Secretary. Ideally you will also be familiar with computer systems installation, Sage, Sovereign and Excel, and be experienced in the formation of new companies.

Until 31st March 1994, you will be appointed to the current organisation. From April 1994 your appointment will be to the new limited company.

If you are interested in this position and feel able to make a significant contribution to the company at this challenging time, please send your Curriculum Vitae to: Miss A Crabb, Personnel Officer, Surrey Careers Services, Thames House, Esher, Surrey, KT10 9JX.

Closing date for receipt of applications is 29th October 1993.

SURREY COUNTY COUNCIL

GROUP FINANCIAL CONTROLLER COMMUNICATIONS GROUP

NORTH OXFORDSHIRE

c. £35.000 + PROFIT SHARE

This leading communications group and subsidiary of the world's fourth largest marketing services organisation has enjoyed record revenue and profits for the second successive year. The group is now poised for a period of rapid international expansion in the UK and Europe.

An exceptional opportunity has now been created for a high calibre individual to work alongside the Group Finance Director at head office, with some travel to other group locations in the UK and Brussels.

This broad-based role includes responsibility for improving the overall effectiveness of financial management and providing technical expertise to senior management and directors around the group.

Ideally aged between 25-30 the successful applicant will be a qualified chartered accountant, preferably with experience of working within the service sector. Exposure to US reporting requirements would be a distinct advantage.

This position will appeal to a dynamic individual with strong communication skills who is seeking a real challenge in a young, ambitious organisation.

Interested applicants should contact Richard Parnell today on 071-379 3333 (fax: 071-915 8714) or write enclosing brief details to Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.

ROBERT WALTERS ASSOCIATES

The British Council

Commercially-oriented analysis roles in a rapidly changing global organisation

Central London/Manchester — £30,000 - £40,000

The British Council is Britain's principal agent for cultural relations and development aid abroad, including promotion of the English language and educational and technical cooperation. It is represented in 100 countries and employs 6,500 staff worldwide, with a turnover of over £400m, around £130m of which comes from Government grants.

This is a challenging time for the British Council as it repositions itself as a tightly controlled, cost effective and increasingly self-funded organisation. The corporate finance function is central to this evolution and the Council wishes to strengthen its senior management team with the appointment of three finance professionals, based in London and Manchester.

These roles focus on providing financial and systems support and advice to management of the Council's Business Units, as a part of the central corporate finance team. Responsibilities will include:-

- the development and enhancement of local management information systems and strengthening of the control environment;
- the analysis, reporting and forecasting of information to support Business Unit operations;
- the effective management and leadership of a small specialist team.

These demanding and high profile roles will require professional skills and analytical ability of the highest calibre. Successful candidates will be qualified accountants with at least 3-5 years' post-qualification experience, including extensive financial analysis, management reporting and systems development, within a large, complex, multinational organisation. A first-class intellect, excellent communication skills and a high degree of energy and enthusiasm are vital factors.

These positions will be filled on an initial three year renewable contract. Opportunities for future progression exist within the Council's corporate finance function.

Please send a full CV in confidence, quoting reference number 232J on both letter and envelope, stating clearly which location is of interest and including details of current remuneration.

The British Council is an equal opportunity employer.

Registered in England as a charity no. 209131

GKRS

SEARCH & SELECTION

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A GKR Group Company

CJA

RECRUITMENT CONSULTANTS GROUP

2 London Wall Buildings, London Wall, London EC2M 5PP

Tel: 071-588 3588 or 071-588 3576

Fax No. 071-256 8501

New appointment offering wide scope to individual who will make an immediate impact in this key area

BALANCE SHEET & TREASURY RISK - STRATEGIC DEVELOPMENT AND ANALYSIS

CITY — **circa £35,000-£40,000 + car and banking benefits**

EUROPEAN ASSET & LIABILITY MANAGEMENT & TREASURY PLANNING UNIT OF MAJOR INTERNATIONAL BANKING GROUP

We invite applications from numerate graduates - accountants, economists or those with a maths or statistics degree, aged late 20's/early 30's, who must have had at least 4 years' banking experience, of which at least 2 years' will have been in risk analysis and monitoring, including both asset and liability management and treasury. PC experience including the use of simulation and modelling techniques is important. As the successful candidate you will report to the head of the unit and be responsible for both strategy development as well as analysis in the following main areas: balance sheet risks - specifically interest rate and liquidity ; plus monitoring treasury risk positions against budget and delegated limits. You will also deal with a number of projects relating to risk management. Some UK travel should be expected. Essential qualities are to be technically strong, to have the ability to communicate effectively at Senior Executive level in the bank in a straight forward 'non jargon' way and to have a well developed commercial sense to problem solving. Initial salary likely to be negotiable in the range £35,000-£40,000 plus car, contributory pension, mortgage subsidy and free life assurance. Assistance with removal expenses if necessary. **Applications in strict confidence under reference BSTR4916/FT to the Managing Director: CJA**

Opportunity to use your broad ranging accounting experience in the banking sector with scope for promotion to a more senior position within 3-5 years.

ALPS

MANAGER - GROUP ACCOUNTING

CITY — **circa £35,000 + car and banking benefits**

UK SUBSIDIARIES OF MAJOR INTERNATIONAL BANKING GROUP

We invite applications from qualified accountants (ACA, ACCA, ACMA) aged 28 - 35, who must have had at least 4 years' post qualification experience, which will have been gained either in the profession, the financial sector or in a particularly demanding commercial environment. As Manager- Group Accounting, you will be responsible for the financial accounting function of a bank holding company and its consolidated position. You will be supported by a small team. Being part of a well respected major international banking group you will also be responsible for ensuring that Group accounting policies are adhered to. Essential qualities are maturity, strong technical accounting and communication skills, plus a keen interest in continuing to keep abreast of the latest relevant UK and European legislation, especially as it affects banking. Initial salary negotiable £28,000-£35,000 plus car, contributory pension, free life assurance and medical scheme, mortgage subsidy, as well as assistance with removal expenses if necessary. **Applications in strict confidence under reference MGA 230/FT to the Managing Director: ALPS.**

FINANCIAL CONTROLLER

Law Firm — **£45,000 – £50,000 + benefits**

This long established and well-respected London firm, has an outstanding reputation for high quality work in both private client and company and commercial law. Its principal areas of strength include: commercial litigation, family law, tax, tax planning and trusts, company law and commercial property. The firm now requires a successor to the long serving Financial Controller, who is due to retire.

Responsible directly to the Managing Partner, with eight staff reporting, your remit will be both hands-on and strategic. You will manage all aspects of the finance function, including financial and management accounting and reporting, budgets, cash management and credit control. You will also advise on the effective use of new computer based financial systems. In addition, you will be expected to contribute to the strategic development of the firm.

Ideally aged mid 30's to early 40's, you will be a qualified accountant, and able to demonstrate a successful track record in a service oriented organisation. Previous experience of professional practice – especially in a law firm – would be advantageous. You must be computer literate. In addition, you will need to possess the technical skills and maturity to earn the respect of the partners and staff.

If you feel you can meet the challenges inherent in this role, and will thrive in this intellectually stimulating environment, please send an up to date résumé, including current salary and daytime telephone number, quoting reference 3330 to Sue Atkinson, Touche Ross Executive Selection, at the address below.

Touche Ross

Deloitte Touche Tohmatsu International

MANAGEMENT CONSULTANTS

1st Floor, Hill House, 1 Little New Street, London EC4A 3TR.

Corporate Finance Professionals

City — £ negotiable + benefits

KPMG Corporate Finance is seeking to expand by taking on a number of high quality professionals wishing to specialise in this area.

The Group's strengths lie in the middle market range where its primary focus is on negotiated transactions for an impressive list of corporate clients. A high proportion of these transactions involve a cross-border European element. Beyond this, the Group conducts the normal range of related activities including Stock Exchange work, management buyouts, valuations, privatisations and the provision of general corporate finance advice. Assignments tend to be undertaken by small groups of two to three individuals and therefore a high degree of responsibility is enjoyed by all members of the team.

Successful candidates are likely to possess a good degree and will be chartered accountants with up to 2 years post qualification experience or highly numerate lawyers who have recently qualified with a reputable City firm. Candidates are unlikely to be older than 26 and should possess excellent presentation and negotiation skills. Specific corporate finance experience is not a pre-requisite as full training will be given. Fluency in another European language would be regarded as a distinct advantage.

Interested individuals should in the first instance write to Anna Ponton enclosing full career and salary details, quoting reference K601.

KPMG Selection & Search

1-2 Dorset Rise, Blackfriars, London EC4Y 8AE

European Accountant

M4 Corridor — *c£35k+Car+Benefits*

Synonymous with quality, design and engineering excellence, this well known Japanese corporation is looking for an experienced Accountant who will have significant responsibility for budget co-ordination and management across 11 European countries involving 18 locations. The principal objective will be the implementation of coherent accounting and budgeting practices to ensure that stringent corporate financial targets are achieved.

This will demand considerable interchange of information and the detailed analysis of data received from the senior European management on both a formalised reporting basis and through regular visits to the various sites.

This important role can only be accomplished by a qualified accountant with considerable experience of a similar quality led international manufacturing environment – ideally for a European multi-site operation. The ability to establish successful working relationships, at all levels, with colleagues of several nationalities is a primary requirement and exceptional communication skills and an approachable but persuasive personality is essential. The successful candidate will be expected to travel extensively throughout Europe.

In addition to the excellent salary, other benefits include company car, private health care and non-contributory pension.

Please send full career history to Sue Skidmore, Howe International Recruitment, Mariner House, 62 Prince Street, Bristol BS1 4QD. Telephone: 0272 308678. Fax: 0272 308601.

HOWE INTERNATIONAL RECRUITMENT

Senior Internal Auditor

Reading — c.£45,000 + car + benefits

Our client is the holding company of a group primarily engaged in the production and sale of industrial minerals and chemicals throughout the world. It has its head office based near Reading where central legal and finance functions are situated.

It has been decided to appoint a Senior Internal Auditor to be responsible for the independent review of the group's internal control system. Reporting to the Finance Director with access to the Chief Executive and Audit Committee, the appointed candidate will perform a high level function, based on a systematic analysis of the group's business risks, focusing on such matters as methods of reporting, high level control systems and the structure and resourcing of financial departments.

Candidates are likely to be graduate chartered accountants with between 5 and 8 years post qualification experience. A substantial part of this time must have been spent in a managerial role and it is important that candidates have experience as an Internal Auditor in industry (rather than financial services). A sound commercial mind coupled with an authoritative but accessible manner are important attributes and candidates must possess the confidence to impress at the highest level whilst maintaining a "hands on" approach.

Interested candidates should, in the first instance, send career and salary details to Anna Ponton quoting reference number CC678.

KPMG Selection & Search

1-2 Dorset Rise, Blackfriars, London EC4Y 8AE

DELL

Price Waterhouse

EXECUTIVE SEARCH & SELECTION

In just 9 years, Dell has become the world's fifth largest PC company with annual sales of more than $2 billion. The company operates through *subsidiaries in Australia, Canada, Japan, Mexico* and *15* of the major countries across Europe. With growth of over 80% in annual sales gains in the UK, France and Germany alone, Dell Europe's onward growth potential is enormous.
In order to strengthen its financial team in Europe to support this growth, Dell has identified the need for outstanding people to take on the following roles:

European Controller

£55–70,000 + benefits

This is a key role, reporting to the VP Finance and taking responsibility for developing further the financial information systems throughout Europe.

To meet this challenge, you will need:

- a recognised accountancy qualification and at least 10 years' experience, some of which must be international
- experience of developing financial systems and policies in a fast-growing environment, probably in the hi-tech, manufacturing or distribution sectors
- strong IT skills and highly developed PC literacy
- sound knowledge of US GAAP and experience of US corporate culture
- European language skills
- excellent interpersonal skills and a strong personality, with a hands-on, team-focused approach to management and problem-solving and enjoyment of a sales-oriented environment.

Reference F/1401.

European Finance Manager

£30–40,000 + benefits

Reporting to the European Controller, this individual would facilitate the flow of financial information within Europe and to the US through a combination of routine reporting and project work.

You will need:

- a recognised accounting qualification and at least 5 years' experience gained, at least in part, outside the profession
- experience of working in a fast-growing organisation, preferably with a number of locations in Europe
- experience of consolidations
- strong PC skills
- European language skills
- enthusiasm, assertiveness and the ability to work independently of others.

Reference F/1402.

Both positions are based in Bracknell but will involve travel throughout Europe and have excellent career prospects. To apply, please write with a full CV and current salary, quoting the appropriate reference number, to Heather Thomas at: *Executive Search & Selection, Price Waterhouse, Milton Gate, 1 Moor Lane, London EC2Y 9PB.*

Slovakia

To £45k + ExPat Benefits

Financial Director

The Company
World-wide turnover at this Western multinational approaches £4bn and encompasses numerous disparate countries and cultures. They are a dominant force in the production and manufacture of their commodity goods. Substantial investment into this emerging market as part of a planned long-term strategy is now showing results. The next phase is to add further strength and talent to its executive team.

The Role
This business unit has a turnover of $12m, 370 staff and accounts for 20% of the national output of the product. You will be expected to help increase this to 30%. Working closely with the Managing Director you will develop computerised accounting systems; implement financial controls; restructure the finance department and support the effective administration of the company.

The Person
The specifications for the individual are clear.
• *Strong financial accounting and controls skills* • *Good computer systems experience and knowledge* • An adaptable, energetic and flexible approach to the job • Conversational language ability in Slovak/Czech/German and/or experience of working in eastern Europe • An accountancy qualification is preferred but not essential.

Our client is able to offer career development beyond the parameters of this particular job. Please respond immediately with full Curriculum Vitae to the address/Fax below quoting ref. FT2039.

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Pedigree Petfoods, a major division of the international Mars organisation, is a prominent part of Mars' integrated European petcare business. The success of global brands such as **Whiskas** and **Pedigree Chum** has reinforced our leading position in this highly competitive FMCG sector. As we continue to expand our activities in prime international development markets, we are looking for a young, ambitious and versatile chartered accountant capable of making a significant impact on our business performance.

Throughout Mars, financial management is seen as a front-line contributor to business performance, so the accountants who thrive here regularly generate innovative business ideas and put them into practice, thus increasing our responsiveness to competitive market demands. And thrive they do: many of our people are now holding down senior financial and general management roles with Mars businesses around the world.

This is the challenge we can offer you: make a vital contribution within our finance function; then move on to wider management responsibilities which could be in any function, in any business, within our successful international organisation. If you continue to develop, there's no limit to how far you could go. Right from the start, you'll enjoy a wide range of responsibilities, interfacing extensively with other business functions including sales, marketing and the customer base, and heading up a finance team of nine.

You should be a high-calibre graduate ACA with around two years' post-qualification experience - gained with either a leading accountancy practice offering exposure to major international clients, or a blue-chip commercial organisation. An effective communicator, you will have the drive to enthuse and motivate colleagues, as well as the personal credibility to influence senior decision-makers. The ability to speak a second European language would be an advantage.

*Salary will be supported by a comprehensive range of non-*contributory benefits including bonus schemes, pension, life assurance, medical cover and, if appropriate, assistance with relocation.

To apply, please call the consultants advising on this appointment, Suzanne Swycher or Lindsay Dell, on 071-387 5400 (evenings 071-286 2668 or 0895 813298), or mail or fax them your cv at Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN (Fax: 071-388 0857). Please quote ref: ACA13. Closing date: Monday 1st November 1993. *We are an equal-opportunity employer.*

whiskas

People with Potential

Pedigree chum

An important new role for a Qualified Accountant

c£25k + Financial Sector Benefits

Chelmsford

We are one of the UKs most successful financial services groups and are now seeking to make the following appointment to further strengthen our Management Reporting capabilities.

Assistant Manager - Management Reporting
c£25k + Financial Sector Benefits

The main purpose of this post is to provide Management with the quality information necessary for strategic and operational decision making. Specifically, you will be responsible for developing a form of monthly reporting for the Group's Life and Pension business and for developing long term financial models. You will monitor group and product profitability and the effectiveness of distribution channels as well as the efficiency of the Group's administration functions.

The candidate we are seeking will be qualified with not more than 6 years post qualification experience who in that time has already demonstrated a record of achievement in their career to date beginning with a good degree or first time passes or both.

Experience of financial reporting in the Life Assurance Sector is essential gained either through Audit or through working in the industry.

In return for your potential and experience we offer a competitive salary and benefits package including profit sharing and share option schemes, medical insurance and a generous pension scheme. In addition and perhaps most importantly, we offer an environment which offers real responsibility and the potential for early development based upon your ability and contribution.

If you would like to apply please write with full cv including details of current remuneration to John Pegg, Head of Personnel, M&G Limited, M&G House, Victoria Road, Chelmsford, Essex CM1 1FB.

M&G
The M&G Group

HM Customs & Excise

Tariff & Statistical Office

Divisional Accountant

Southend, Essex £24,780

The Tariff and Statistical Office of HM Customs & Excise produces the UK trade statistics including the balance of payments figures for visible trade.

An opportunity has arisen for an experienced CCAB qualified accountant to join the financial management team and play an influential role during a period of significant change.

This challenging appointment offers wide ranging responsibilities including cost and budgetary control, management and financial accounting and systems development.

You will be required to liaise at all levels, working particularly closely with senior management providing advice, information and direction on key issues.

You will require a logical approach, the ability to prioritise and possess financial skills gained in a demanding environment. Other desirable qualities include maturity, independence, personal authority and a high level of motivation.

The post offers interesting and diverse content, an opportunity to have a real impact on decision making and an insight into the workings of a high profile Government department.

For a detailed and confidential discussion, contact Paul Goodman at GMS on 071-336 7711 (or at home on 081-445 0666). Alternatively write enclosing your CV to GMS, 2 Bath Street, London EC1V 9DX.

HM Customs & Excise is an equal opportunities employer. Applications are welcome from all sections of the community regardless of gender, religion, ethnic background, disability or sexual orientation.

HM Customs & Excise

APPOINTMENTS WANTED

SWITZERLAND INTERNAL AUDITOR/ FINANCIAL CONTROLLER
professional with many years varied multi-nationals experience, with Swiss & EC passports, desires a challenging, permanent position in finance or banking. Prepared to travel extensively from Zurich or would consider relocating.
Write to Box B1723, Financial Times, One Southwark Bridge, London SE1 9HL.

SCOTTISH LLB, ACA (29)
Big 6, first-time passes. 4 yrs in Germany, good French. Bluechip clients incl. merchant banks. US, UK & German reporting. SEEKING: Prefer finance/banking/consultancy; also industry/commerce.
Write to Box B1721, Financial Times, One Southwark Bridge, London SE1 9HL.

EUROPEAN FINANCE DIRECTOR/CEO

- Chartered Accountant FCA (45)
- European M & A experience
- Success orientated; leadership skill
- Excellent French, Spanish, German
- Seeks challenging/rewarding role with international group
- London based - free to travel

Fax 071-586 9310 or write to Box B1731, Financial Times, One Southwark Bridge, London SE1 9HL.

FINANCE DIRECTOR
20 years Retail/Leisure Commerce/Practice. FCA. (Registered Auditor) seeks challenging assignments (part time/full time).
Write to Box B1730, Financial Times, One Southwark Bridge, London SE1 9HL

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FINANCE MANAGER
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FINANCIAL TIMES
COMPANIES & MARKETS
Friday October 15 1993

INSIDE

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)							
Rises				**Falls**			
Badenwerk	409	+	12	BSN	854	-	16
GEHE	435	+	6	CGIP	1275	-	35
Schering	1113	+	44	Cr Fonc France	1159	-	31
Falls				Eridania B-Say	828	-	32
Asko Pf	805	-	30	L'Oreal	1180	-	10
Hoechst	280	-	4	**TOKYO (Yen)**			
Thyssen	211.5	-	5.5	**Rises**			
NEW YORK ($)				Daishowa Paper	1800	+	100
Rises				**Falls**			
Bell Atlantic	66¼	+	2⅜	Alps Electric	1100	-	30
Chrysler	51¾	+	3¾	Inax	1100	-	50
Ford	57⅝	+	2⅝	Kurita Water	2600	-	120
General Motors	44¾	+	1⅛	Marui	1600	-	50
Liberty Media	31¼	+	2½	Mito Bosekl	340	-	14
TCI	33	+	1⅛				
PARIS (FFr)							
Rises							
Promodes	936	+	20				

New York prices at 12.30pm.

LONDON (Pence)							
Rises				Dewhirst Abroad	83	+	7
Acorn Computer	105	+	9	Pittencrieff	366	+	21
Body Shop Intl	188	+	13	Quadrant	39	+	7
Cable & Wire	853	+	26	Ramsden's (H)	203	+	9
Canning (W)	176	+	8	Waterman Part	48	+	4
Chillington	43	+	8	**Falls**			
Cradley	35	+	7	Cooper Clarke	74	-	7
Danish Business	305	+	26	Danbill	353	-	18
Exploration Co	315	+	16	Northern Foods	247	-	10
FKI	171	+	6	Shandwick	17½	-	2¼
Flextech	182	+	8	Smiths Inds	358	-	16
Greycoat	27	+	8	Smurfit (Jeff)	214	-	8
Hollas	26½	+	4				
News Corp	481	+	16				

JP Morgan's 48% rise sustains pace

By Patrick Harverson in New York

BUOYANT trading and corporate finance revenues helped New York banking group JP Morgan post a 48 per cent increase in third-quarter earnings to $468m yesterday.

The results were better than most Wall Street analysts had expected. But some investors were disappointed at the modest decline in trading earnings from the record second quarter. Along with some profit-taking after the sector's strong run, this left the share price down $⅝ at $77⅞ on the New York Stock Exchange at midday.

Sir Dennis Weatherstone, the bank's chairman, remarked that "the year so far has presented plentiful opportunities, and we've been prepared to capitalise on them around the world." He was particularly pleased with the bank's return on equity, which rose to 23.9 per cent from 18.8 per cent a year ago.

Trading revenues again made the biggest contribution to the bottom line. Although they failed to match the record $520m achieved in the second quarter, they remained strong at $464m, up 50 per cent from a year ago thanks to big returns from the trading of debt instruments, swaps and other interest rate contracts, particularly in Europe and emerging markets.

Although trading remains at the core of JP Morgan's business, analysts said yesterday that they were impressed with the bank's efforts to boost earnings from other lines. In particular, they singled out the 14 per cent increase in corporate finance revenues to $140m. The improvement was due mostly to a rise in fees from the underwriting of securities issues.

Other business segments also showed strong growth. Investment management fees rose 20 per cent to $116m, operational services fees (primarily from custody, clearing and brokerage services) climbed 14 per cent to $122m, and gains from investments in equity and fixed-income securities edged ahead to $98m.

Other revenues soared to $179m, including a big gain on selling part of an investment in Hospital Corporation of America.

Net interest income fell slightly to $439m.

One area that may have concerned some investors was non-interest expenses, which rose 18 per cent to $882m during the quarter. The bulk of the increase, however, was attributable to higher profit-related payments to employees.

Ericsson lines up with Inmarsat

By Daniel Green in London

ERICSSON, the Swedish telecommunications manufacturer, has thrown its weight behind Inmarsat, a 71-nation satellite operator, in the race to create a global mobile telecommunications network.

The link creates the biggest potential competitor yet for a $3.4bn scheme proposed by Motorola, of the US.

Both organisations plan to launch a series of telecommunications satellites by the end of the decade which would allow portable telephones to be operated anywhere in the world.

Mr Kurt Hellström, the president of Ericsson Radio Systems, said yesterday that he would work "with Inmarsat to develop the necessary infrastructure" for the network, so that a portable telephone could switch automatically between a cellular network and a satellite link.

Ericsson and Motorola are two of the world's biggest companies involved in building cellular telephone networks and handsets. Inmarsat is a co-operative established in 1979 to provide satellite communications for ships. Since then it has moved into new markets for emergency services and the media.

Mr Hellström said that Ericsson preferred to join forces with Inmarsat because of its "open system" plan which would allow any manufacturer to make telephones for the network.

The Inmarsat scheme, called Project 21, faces a struggle to catch up with Motorola's plan, called Iridium. Companies from North and South America, Europe and Asia have already agreed to provide Motorola's consortium with $100m in cash and promised another $700m as the first stage in financing Iridium.

Normally, Inmarsat would have to turn to the lead partners, such as Comsat in the US and European telecommunications organisations such as BT and France Telecom, to contribute the capital cost of a network of satellites. But earlier this week it announced a reorganisation to make it more like a private-sector company. Next year its 71 members will consider a plan to make their holdings tradeable.

Mr Olof Lundberg, director general of Inmarsat said: "If we are going to join the commercial world, we need a new set of attitudes." He said Inmarsat would have to move closer to mass markets and learn about marketing and bringing products and services to market.

Frontrunner emerges to head Groupe Bull

By Alan Cane

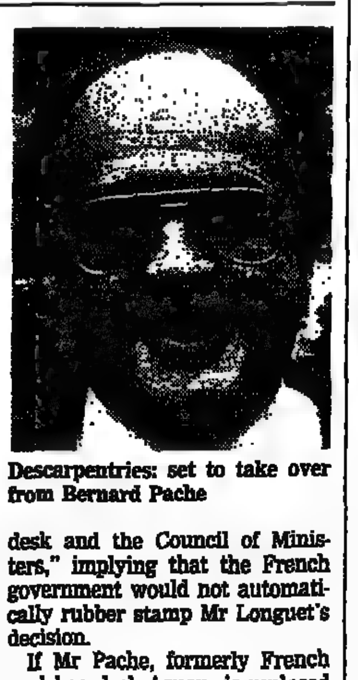
THE FATE of Mr Bernard Pache, 58, chairman and chief executive of Groupe Bull, the state-owned French computer manufacturer, was in the balance last night.

There is sharp disagreement between the industry and finance ministries over whether Mr Pache should be replaced or allowed to oversee his plan for the recovery of the loss-making company. The French cabinet has yet to decide.

According to sources close to the government, Mr Gérard Longuet, the industry minister, has decided that Mr Pache, chairman for little more than a year, should be replaced by Mr Jean-Marie Descarpentries, a former head of the French packaging company Carnaud with a reputation for vigorous management.

Mr Longuet is believed to be exasperated by the slow progress in transforming Bull from a loss-making company out of touch with its market to a suitable candidate for privatisation.

Groupe Bull would neither confirm nor deny that Mr Pache was to be replaced. One senior executive said: "There is a long distance between one minister's desk and the Council of Ministers," implying that the French government would not automatically rubber stamp Mr Longuet's decision.



Descarpentries: set to take over from Bernard Pache

If Mr Pache, formerly French coal board chairman, is replaced by Mr Descarpentries it will again leave Bull in the hands of someone with little experience of the computer industry. The company is in desperate straits, having lost FFr15bn ($2.65bn) over the past three years.

Mr Pache's recovery plan, which is likely to be published next week, will call for up to FFr9.2bn of state aid. Negotiations between Mr Pache and Mr Longuet over the size of the capital injection required are thought to have held up an earlier announcement of the recovery measures.

Cap Gemini results, Page 20

Leyla Boulton explains a new alliance between Russian banks

Trio search for trump card in a rough game

The unprecedented alliance between three Russian banks, announced this week, is a logical response to the country's glaring need to consolidate its banking sector.

Russia has nearly 2,000 banks, with 100 accounting for two-thirds of all banking business. Most of the rest are badly undercapitalised, and the central bank has tried to get them to merge with bigger banks by raising minimum capital requirements.

This week, Izvestia newspaper revealed that the central bank had suspended the operations of 22 troubled Moscow banks with names such as Kredit-Consensus and Glory Save-Bank.

It is no surprise, then, that the central bank has welcomed the planned alliance between Bank Imperial, Yugorsky Bank and Rossiisski Kredit, three of the stronger fledglings.

Some of the impetus for consolidation may have come from an injection of foreign competition. The central bank this summer granted licences to half a dozen foreign banks to create Russian subsidiaries.

'Western banking culture, like a woman's perfume, will make working here more pleasant'

But Mr Sergei Rodionov, the chairman of Bank Imperial, denies that the proposed alliance is in response to foreign competition. "I welcome the arrival of foreign banks. They will be bored here because they will have nothing to do," he told the Financial Times.

"But they will disseminate western banking culture, which, like a woman's perfume, will make it more pleasant to work here."

The new accord – under which the three banks will pool their financial resources into a "single credit institution with common management" – falls short of a merger because each will retain a separate legal identity. But the main aim is to combine the complementary strengths of the three banks, while reducing their overheads and tax bills. The combined assets of a group specialising in two of Russia's most lucrative markets, energy and foreign exchange, total about Rbs2,000bn ($1.6bn).

The biggest shareholders in Imperial, a wholesale bank for some 400 clients in the energy business, are state-owned energy companies, such as Gasprom, the gas-producing monopoly which is also a client of the bank. Yugorsky Bank is owned by big state-controlled oil producers and finances oil projects. The attraction of Rossiisski Kredit, which makes most of its money from various forms of arbitrage on Russia's distorted foreign exchange market, is its retail network.

"One of our clients, for instance, wanted to open bank accounts for their employees working abroad so they could receive salaries in hard currency here, but Imperial does not want to mess around setting up 3,000 private bank accounts," explains Mr Rodionov. The alliance will inevitably strengthen the participants against any increased competition that may result from creeping restructuring of the Russian banking sector.

Imperial also has a banking presence in the west. It holds a 36 per cent stake in Luxembourg's East-West Bank, with another 51 per cent held by the Russian Central Bank, after the Luxembourg authorities said that Imperial could not hold the majority stake.

Some Russian banks are preparing for increased competition by organising alliances with foreign banks. Russia's biggest bank, Tokobank, is planning to set up a joint venture bank with Turkey's Yapi ve Kredi Bankasi.

Other Russian banks, particularly those which fear their prized hard currency deposits will be "stolen" by foreign banks, have preferred to lobby for protection against them. But the dissolution of the Russian parliament, which had threatened to ban foreign banks from taking deposits from Russian customers, deprived them of a crucial ally.

Mr Rodionov, however, dismisses Russian banks' fears of foreign competition as "an artificial problem". He says foreign banks will not succeed in encroaching on his market share because they are totally "unfamiliar with our economy".

"They are used to lending money to companies which have been audited and so on. But auditors here will approve any balance sheet, no matter what is written on it. Our country is one big trust. Everything depends on whom you know."

A former head of the Russian central bank's supervision department, the 32-year-old Mr Rodionov is adept at working around tax and foreign currency regulations which he describes as self-defeating. A gamekeeper turned poacher who is perfectly at home in the murky world of Russian business, he recognises the need for improved banking supervision.

There are serious gaps in Russian banking legislation – for instance, there is no effective limit on industrial and commercial companies taking stakes in banks, or on clients becoming shareholders in their banks. Nor are the authorities tackling visible problems such as fraudulent advertising by banks.

'Auditors will approve any balance sheet, no matter what is written on it'

But while welcoming new central bank rules providing for uniform accounting standards, Mr Rodionov says the central bank's "draconian" foreign exchange regulations only encourage capital flight. Taxation is so high that banks, including his own, have no choice but to avoid it as best they can. "I have many ways of keeping my shareholders happy without showing such a high profit. I can for instance increase the interest rates paid on their deposits."

His candour is a sign of just how far Russian banks have become a "state within a state". One reason for this state of affairs is the authorities' inability to protect bankers from extortion rackets. At least 10 bankers have been killed this year. Mr Rodionov says that 60 of his 160 staff are security people.

Many banks are connected to mafia-style organisations. Mr Rodionov said that the supervision chief at the central bank had his hand smashed and his country house set on fire after he tried to conduct an investigation into a "major Moscow commercial bank". "The investigation stopped there," he said.

This illustrates the scale of the challenges facing the central bank, which has lost much of its best staff, including Mr Rodionov, to the commercial sector where pay and morale are incomparably higher.

Laidlaw hit by ADT and Attwoods write-downs

By Bernard Simon in Toronto

LAIDLAW, the North American waste services and transport operator, has cleared the way for the disposal or rationalisation of its interests in ADT, the international security and vehicle auction group, and Attwoods, the UK-based waste services company.

The group has sharply written down the carrying value of its investment in the two companies.

The write-down of the 24 per cent stake in ADT and the 35 per cent interest in Attwoods totalled $243.8m. Laidlaw is the largest single shareholder in both companies.

The moves were part of a house-cleaning exercise which appears to signal a more active role in Laidlaw's affairs by its Montreal-based controlling shareholder, Canadian Pacific.

Laidlaw also named Mr Jim Bullock as chief executive to replace Mr Donald Jackson, who was asked to resign last week. Mr Bullock was formerly president of Cadillac Fairview, a large Toronto-based property developer.

The write-downs pushed Laidlaw to a loss of US$334.9m, or $1.21 a share, in the fourth quarter to August 31, compared with net income of $24.9m, or 9 cents a share, a year earlier.

Revenues rose 10 per cent to $467.5m but income from continuing operations dipped to $3.9m from $24.9m.

There was a negative margin of 2.8 per cent on schoolbus and other passenger services, down from a negative margin of 4 per cent last year.

CP tries to get to grips with Laidlaw legacy, Page 21

First phase of Ferruzzi restructuring complete

By Robert Graham in Rome

ADMINISTRATORS of the collapsed Ferruzzi-Montedison group yesterday carried out the first phase of a complex restructuring plan.

This involved the approval of the half-yearly accounts of Montedison, the quoted industrial operations of the Ferruzzi family, which showed a loss of L741bn ($468m) against a loss of L188bn during the same period the previous year.

Operating results were already announced at a board meeting on September 30. Net operating profit was up from L398bn to L784bn on turnover of L10,287bn. But approval was delayed because the administrators had been unable to include in the accounts the effect of a freeze for the year of debt payments.

Yesterday, half-year financial charges were written at L753bn. A statement accompanying the accounts said that accountants Deloitte & Touche had included exceptional losses of L243bn as a result of operations by Montedison International Holding and its subsidiaries.

The debt moratorium affecting service of financial debt totalling L25,000bn has been the subject of intense negotiation with nearly L1800bn in lost interest at stake.

However, yesterday's meeting was able to go ahead as planned after 21 Italian banks representing 70 per cent of the outstanding bank debt gave their formal approval to the restructuring plan of the Ferruzzi empire.

Foreign banks accounting for L6,500bn of debt have refused to accept the debt moratorium until they have fully studied the restructuring plan. They are unlikely to give their answer before the end of the month.

The restructuring is based round the debt moratorium followed by a subsequent consolidation of L18,900bn worth of debt at below market rates.

Shell España buys 5% of CLH

By Tom Burns in Madrid

SHELL ESPANA, the Spanish subsidiary of the Anglo-Dutch petroleum group, yesterday took an important step into the domestic energy market when it paid Pta12.5bn ($96m) for a 5 per cent stake in Compañia Logistica de Hidrocardburos (CLH), the nationwide oil distribution network which is owned by the three refining companies that operate in Spain.

Shell bought the equity from Repsol, the partially privatised Spanish energy group which reduced its stake in CLH from 66 to 61 per cent. CLH, formerly the Spanish government's petroleum monopoly under its previous name of Campsa, reported after-tax profits of Pta35bn last year for its distribution business.

Following the break up of Campsa's monopoly at the begining of this year and the formation of CLH, the distribution network's new shareholders, in addition to Repsol, became Cepsa, a Spanish refiner that is a third owned by Elf-Acquitaine of France, with 25 per cent of the equity, and British Petroleum, which bought the domestic refiner Petromed two years ago and holds 7 per cent of CLH.

Shell, which becomes the only CLH shareholder not to own refining installations in Spain, has by its acquisition illustrated a short-cut route into the domestic market.

Repsol said there were in principle no objections to further reductions of its CLH equity.

Repsol's sale to Shell will realise the Spanish energy group capital gains of between Pta8bn-Pta9bn.

Cap Gemini stays in red with loss of FFr197.5m

By Alice Rawsthorn in Paris

CAP Gemini Sogeti, the French computer services company, stayed in the red in the first half of this year with a net loss of FFr197.5m ($34.9m) and warned that it was unlikely to return to profit until next year.

The group, in which Daimler Benz of Germany has a 34 per cent stake, last year went into deficit for the first time with a net loss of FFr72m for the 1992 financial year.

It has been struggling to adjust to a sharp downturn in demand in its main markets, particularly France, Germany and Spain.

Cap Gemini said that it would be "futile to hope for an improvement in the economic situation during the second half of the year" and that it did not expect its performance to improve until 1994.

Cap Gemini benefited in the first half of last year from the proceeds of the sale of a property near the Arc de Triomphe in Paris which contributed to an exceptional profit of FFr154.5m. As a result it stayed in the black with net profits of FFr142.5m during the first half of 1992. Without the property sale it would have made a net deficit of FFr118.3m.

Klöckner-Werke in plant sale talks

By Ariane Genillard in Bonn

KLOCKNER-WERKE, the diversified German steel group, is in talks with three international groups to sell a majority stake in its steel plant in Bremen.

The company said yesterday in was holding "intensive discussions" to sell its integrated steel plant, which employs 4,600 in the city state of Bremen and has an annual crude steel capacity of 3m tonnes.

The potential bidders are a consortium co-ordinated by the Bremen state government, grouping local companies and Sidmar, a subsidiary of the Arbed steelmaker of Luxembourg; Thyssen and Krupp-Hoesch, Germany's two largest steelmakers, which have held talks with Usinor-Sacilor of France about linking for a bid; and Hoogovens, the Dutch steel producer.

These talks lend weight to the belief that Mr Hans Christoph von Rohr, the chairman of Klöckner-Werke, intends to sell the steel activities. The company narrowly escaped bankruptcy earlier this year due to a debt relief scheme which allowed it to write off nearly half its DM2.7bn ($1.7bn) debt. The group's steel activities recorded a DM200m loss in the year ended September 30, 1992.

Following the debt relief scheme, Klöckner-Werke sold its special steel subsidiary for a symbolic DM2 to Mr Jürgen Grossmann, its chairman, and Drüker, a Frankfurt-based consultancy company acquiring 25 per cent of the shares.

Thyssen reiterated yesterday that it was only interested in buying the cold-rolling mill and not other parts of the Bremen steel mill, which produces flat steel products.

But a Klöckner-Werke spokesman said that the company "was only interested in selling a majority stake".

The Bremen government recently moved to block the Thyssen offer because of fears that the German steel group would close down most of the mill and eliminate a competitor in the German steel market.

"We are convinced that the plant is competitive and should survive," Mr Claus Jäger, Bremen economics minister, said.

The consortium is believed to include companies in Bremen whose survival depends on the activities of the Klöckner steel plant. These include the Bremen Vulcan shipyards, already receiving state subsidies. They also include the city's electricity utility for which the steel plant is a major client and which is slated for privatisation.

Mid-term turnround at Metra

By Hugh Carnegy in Stockholm

METRA, the Finnish industrial group, returned to profit, after financial items, of FM92m ($16.1m) in the six months to the end of August from a loss of FM65m in the same period last year. It was helped by rapid sales growth at Wärtsilä Diesel, its diesel engine division.

Sales at the unit were ahead by 98 per cent at FM2.8bn, pushing up group sales to FM5.52bn, a 48 per cent increase over the previous year's figure of FM3.74bn.

The weaker value of the markka, heavily devalued following its flotation last autumn, contributed, but Metra said it had benefited from a surge in worldwide demand, especially for its power plants. Metra said it held more than 20 per cent of the world market for power plants over 1MW.

Demand was strongest in Asia Pacific. Metra said penetration of the Chinese market was paying off. Almost one-third of Wärtsilä's FM3.5bn order book was accounted for by China.

Metra said sales in its Sanitec household ceramics business were up by one-third to FM1.24bn. The third core division, the locks and security device maker Abloy, increased sales by 28 per cent to FM849m.

Metra said it expected similar profits growth to continue in the rest of the year.

● Amer, the Finnish consumer group which includes Wilson Sporting Goods in the US, yesterday reported pre-tax profits of FM41m in the six months to the end of August, up sharply from FM25m the previous year.

Sales were ahead, by 13 per cent, to FM3.76bn. But Amer said the figures were flattered by the lower value of the Finnish markka following its effective devaluation last autumn. Some 68 per cent of the company's sales are outside Finland, with North America making up 46 per cent.

Excluding exchange rate factors, sales were down 5 per cent. This included a 4 per cent decline in dollar terms in its sporting goods division.

Investment gains boost Royale Belge

By Andrew Hill in Brussels

ROYALE Belge, the Belgian insurer, pushed up pre-tax profits in the first half of 1993 by 32 per cent, from BFr3.6bn to BFr4.75bn ($135m) on the back of a strong increase in net investment gains.

Royale Belge, which is controlled by UAP, the French insurer, cautioned against expecting a similar rise in the second half. This year investment gains were concentrated in the first half, whereas in 1992 they were spread across the whole year, the company explained.

Profits for the full year would probably rise by 10 per cent after tax, said Mr Jean-Pierre Gerard, the company's chief executive. In 1992, the group recorded a net consolidated profit of BFr4.4bn, up 36 per cent on 1991.

The group's operating results rose by only 1.4 per cent from BFr2.7bn in the first half of 1992, to BFr2.74bn in the first half of this year. But investment gains nearly doubled to BFr2.39bn, mainly through the sale of property and shares.

Turnover in the first half of this year increased by 8.2 per cent to BFr53.7bn (BFr49.6bn), with premium income rising from BFr33.8bn to nearly BFr36bn.

The company said that its workplace accidents and reinsurance business had recovered well.

Body Shop lifts profits to £10m

BODY Shop International, the natural cosmetics and toiletries manufacturer and retailer, increased interim pre-tax profits to £10m ($15.1m) from £8.3m, ahead of expectations, writes Maggie Urry in London.

UK sales rose 6.9 per cent to £37.4m, although price increases were "minimal" and operating profits were up 5 per cent to £3.9m.

US sales rose 77.7 per cent to £19.9m and operating profits were up to £1.3m from £800,000. Sales from the rest of the world rose 31.4 per cent to £25.5m, with operating profits up 8 per cent to £5.5m.

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Santander buys into property in London

By Tom Burns

GRUPO SANTANDER, the Spanish banking and financial services holding, aims to spend up to £100m ($151m) on City of London property as part of a strategy to diversify its business interests and build up profit centres outside Spain.

Santander said yesterday it had spent some £18m to acquire D'Arcy House at 146 Queen Victoria Street and a further £13.75m to buy 1 Bishopsgate, the London headquarters of Fidelity Bank. It is in the final stages of purchasing a third property close to St Paul's Cathedral for about £20m.

A spokesman for the group said acquisitions would continue in the City and with an investment ceiling of £100m. "London has been preferred to other centres because of the profitability of its property market," he said.

Santander's diversification strategy was underlined last month when it announced a £400m joint venture with British Telecommunications to develop data transmission services in Spain.

Elf Aquitaine's sell-off advisers

ELF Aquitaine, the French oil and gas group, yesterday announced that it had appointed Banque Nationale de Paris and Banque Paribas as its advisers for its forthcoming privatisation, writes Alice Rawsthorn in Paris.

The news of the appointments intensified speculation on the Paris stock market that Elf will be the next company to be sold in the Balladur government's privatisation drive.

Elf has already been named as one of the first four sale candidates. The first issue, the privatisation of Banque Nationale de Paris, will be completed today.

Skopbank cuts operating losses to FM870m

By Christopher Brown-Humes in Stockholm

SKOPBANK, the third largest Finnish commercial bank, cut net operating losses to FM870m ($153.17m) in the first eight months of 1993 from FM2.23bn as credit losses eased, expenses fell and income from financial operations increased.

The bank said its full-year loss was now likely to be less than the FM2.1bn predicted at the start of the year.

"The need for additional capital to ensure solvency will reduce considerably," it added. The bank, majority owned by the government guarantee fund, has already received capital injections from the state to help it weather the Finnish banking crisis. Its total income more than tripled to FM460m from FM144m.

Finnish chemicals group swings back into black

By Christopher Brown-Humes

KEMIRA, the Finnish state-owned chemicals group which is on the government's privatisation list, swung to a FM168m ($29.6m) profit after financial items in the first eight months, from a FM173m loss in the same 1992 period.

It still expects its full-year result to be negative, because of the seasonal nature of its fertiliser activities, although the loss will be much lower than last year's FM345m deficit.

The group's seven main divisions all increased turnover, contributing to a 15 per cent growth in overall net sales to FM8.18bn.

Operating income before depreciation rose 44 per cent to FM1.29bn, or 15.8 per cent of net sales. Full year sales are forecast at FM12bn, and operating income at around FM1.68bn.

Regionals' results confirm strength of US banking

By Patrick Harverson in New York

THREE large regional US banks – the Bank of New York, Keycorp and Continental Bank – reported strong growth in third-quarter earnings yesterday, providing fresh evidence that the nation's banking industry remains in robust health.

The Bank of New York, the 17th-largest in the country, reported a 45 per cent rise in profits to a record $151m.

Return on equity, an important measure of profitability, climbed to 15.95 per cent, from 12.65 per cent last year

The bank said that several factors had contributed to the improvement, including contributions to earnings from the recently-acquired National Community Banks group and from 62 branches bought from Barclays Bank of New York.

Other positive factors included strong fee income – especially from the processing of credit cards and securities – and a widening in interest rate spreads, which followed a further shift in the bank's asset mix toward high-yielding assets and a reduction in the level of non-performing assets.

Keycorp reported a 31.4 per cent improvement in its third quarter profits to $102.6m, and return on equity of 18.44 per cent, up from 16.01 per cent a year earlier.

The New York State-based bank will join forces next year with Society Corporation of Cleveland in a $3.9bn merger that will create the country's 10th largest bank.

It said that fee income rose almost 9 per cent to $117.6m in the quarter.

Contributions from two recently-acquired banks lifted its average earning assets to $28.9bn and its net interest income to $389.9m.

Continental Bank of Chicago reported a 28 per cent jump in third-quarter profits to $68m, and return on equity of 16.4 per cent, up from 14.4 per cent in 1992.

The highlights of the quarter were big increases in trading profits and equity investment revenues.

By late morning, Bank of New York shares were down $⅝ at $56⅞, while Keycorp was unchanged at $36⅝ and Continental had slipped $¼ to $28.

CP tries to get to grips with Laidlaw legacy

Canadian Pacific is taking a more forceful interest in its C$500m investment, reports Bernard Simon

ASK Bill Stinson what he thinks of Mr Michael De Groote and the response is unlikely to be flattering.

Five years ago, Mr Stinson persuaded Canadian Pacific, the Montreal-based railway and energy conglomerate of which he is chairman, to spend more than C$500m (US$376.4m) for a controlling stake in Laidlaw, the North American waste services and schoolbus operator founded by Mr De Groote.

The investment has proved to be a deep embarrassment both for CP and for Mr Stinson personally.

CP's stake, which represents a 47 per cent voting interest, is now worth about one-third of the purchase price. CP also neglected to negotiate a non-compete agreement with Mr De Groote, who used some of the proceeds from the sale of his shares to start a waste-management company in competition with Laidlaw.

CP has recently moved on several fronts to erase some of the De Groote legacy from Laidlaw. Apparently under pressure from his board to take a more active role at Laidlaw, Mr Stinson asked Mr Donald Jackson, the chief executive hired by Mr De Groote to succeed him, to resign.

Mr Jackson has been replaced by Mr Jim Bullock, a Laidlaw non-executive director who was president of Cadillac Fairview, a prominent Toronto-based property developer.

Laidlaw has also cleared the decks for the disposal or rationalisation of several businesses acquired during the helter-skelter period of growth under Mr De Groote.

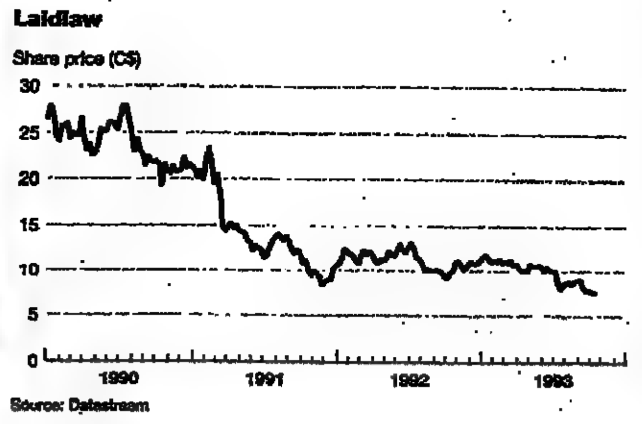
The company this week announced fourth-quarter write-downs totalling US$349m, about two-thirds of which, or $244m, reflect the reduced value of its 24 per cent stake in ADT, the international security services and vehicle auction group, and its 35 per cent interest in Attwoods, the UK-based waste-management company.

The write-downs drove Laidlaw to a loss of US$292m, or $1.05 a share, in the fiscal year to August 31, compared with earnings of US$132m, or 50 cents a share, in the previous year. Revenues rose to US$1.99bn from US$1.93bn.

Laidlaw has been pondering the sale of its ADT stake for some time. The two companies have little in common. ADT's entrepreneurial chief executive, Mr Michael Ashcroft, would undoubtedly be glad to sever his links with a company which accused him three years ago of improper accounting practices.

ADT's completion of a $1.2bn refinancing last summer means that Laidlaw now has little reason to delay the sale of its shares any longer. By signalling its willingness to sell, however, the Canadian company has driven ADT's share price down by a dollar on the New York Stock Exchange in the past week.

Bill Stinson: Laidlaw deal was embarrassment for CP chief



Source: Datastream

As for Attwoods, its disposal this week of Mindis, a troubled Atlanta-based recycling company, has also paved the way for a new relationship with its biggest shareholder.

The possibilities range from Laidlaw selling its Attwoods stake to some rationalisation of the two companies' activities. Much will depend on Mr Bullock's assessment of Laidlaw's own businesses, especially solid-waste disposal, which is also Attwoods' core activity.

Mr Jackson had the misfortune to take the helm at Laidlaw in 1989, just as the North American economy peaked. "You can blame him for not acting sooner on the problems, but you can't blame him for creating the problems," says one US analyst.

North American waste-management companies have been hit not only by the recession but also by such trends as recycling and tougher regulation of waste-disposal sites. Intense competition is reflected in plummeting landfill fees.

Volumes and prices in the hazardous waste business have slipped even further in the past few months. The industry's over-capacity is reflected in hefty write-downs taken by several big companies in recent weeks.

In spite of a $105m charge against its Canadian operations in the latest quarter, Laidlaw remains relatively strong in the North American hazardous waste sector.

Unlike some of its competitors, which are burdened by big incinerators and landfill sites, Laidlaw has put most of its resources into a network of small service centres. Its solid-waste business is on a less secure footing, however. While operations in Canada are profitable, the US division has suffered from being too scattered.

Even before Mr Bullock's arrival, senior management had drawn up plans for a rationalisation of the solid-waste division, involving several hundred million dollars.

This week's moves suggest that the three senior Canadian Pacific managers on Laidlaw's board will take a more active role than they have in the past. When Laidlaw made a key strategic decision earlier this year to invest in a landfill business in Italy, CP, which has a reputation as a bureaucratic company, made its displeasure known only after the deal had gone through.

The signs that CP is now taking a more forceful interest in its investment may also indicate, however, that it has not yet completed the job of erasing its unhappy experience.

For the past year, Mr Stinson has described the Laidlaw stake as "a portfolio investment" outside CP's main transport and energy interests. CP is understood to have held talks already with several prospective buyers, though all have so far proved abortive.

CP values Laidlaw on its books at C$13.50 a share, well above the market price of C$7.63. One source familiar with CP predicts that "if the stock ever gets close to the carrying value, they'll be gone."

Whirlpool ahead 27% to $70m

By Karen Zagor in New York

WHIRLPOOL, the world's biggest maker of large home appliances, yesterday unveiled a 27 per cent jump in third-quarter earnings, helped by strong results from the company's European business.

The US company turned in net earnings of $70m, or 96 cents a share, against $55m, or 78 cents, in the same period last year on revenues which were flat at $1.91bn.

Mr David Whitwam, chairman, said the company's operating performance in each of its four global regions "met or exceeded our high expectations for them".

In North America, the company said revenues and earnings were "better than an outstanding third-quarter 1992," although revenues rose faster than operating profits.

Profits growth was dampened by the new accounting standards for post-retirement benefits, a charge relating to ending distributor agreements and the impact of a weakening Canadian dollar.

Industry shipments were up more than 10 per cent in the quarter and were expected to be up between 3 per cent and 4 per cent for the year.

In Europe, the company had record operating earnings in spite of a sluggish environment. Whirlpool said its unit shipments were higher, its costs were significantly lower and its compressor business had a strong performance.

Whirlpool expects European industry shipments to be down by about 2 per cent for the year.

Other overseas operations saw strong growth. Excluding Brazil, Latin American shipments and revenues were about double.

In Asia, unit shipment and revenues rose more than 30 per cent in the quarter but profitability declined, because of planned spending linked to expansion in the region.

For the nine months, Whirlpool suffered a net loss of $18m, or 27 cents, including special charges.

Stripping out these charges, earnings for the period would have totalled $203m, or $2.81. A year earlier, Whirlpool had net earnings of $148m, or $2.03.

CBS sees record year after strong third term

By Frank McGurty

CBS posted record earnings for the third quarter and forecast a best ever full year.

For the three months to end-September, the group reported net income of $118.3m, or $7.39 a share, compared with $42.7m, or $2.76, in the corresponding period of 1992. On a consolidated basis, CBS's net sales were $752.6m, up 12 per cent on the 1992 quarter.

The results included a one-time gain of about $3.20 a share, reflecting the settlement of legal disputes and tax proceedings.

The buoyant performance reflected the strength of the network's programming. Last month's debut of Late Night starring Mr David Letterman, the popular chat-show host, bolstered CBS's commanding lead over its rivals.

The CBS television network realised a 15 per cent gain in revenues and a substantial increase in operating profit, in spite of the continued sluggishness of the US economy.

In addition to higher advertising pricing, the improvement was attributed to the absence of last year's coverage of the US political party conventions, which fail to attract big viewing audiences.

The board raised the quarterly cash dividend to 50 cents a common share, from 25 cents, the level in effect since the first quarter of 1991.

For the first nine months of 1993, net income was $279.9m, or $17.62 a share, on net sales of $2.47bn.

In the comparable period last year, net income was $47.7m, or $3.08 a share, on slightly improved sales of $2.54bn.

Paper groups' losses trimmed

By Frank McGurty in New York

GEORGIA-PACIFIC and Boise Cascade, two of the largest North American forest products groups, narrowed their third-quarter losses in spite of the continued weakness of the paper and pulp market.

Georgia-Pacific, the world's largest manufacturer of paper and wood products, yesterday said it had reduced its third-quarter deficit to $36m, or 42 cents a share, from $174m, or $2.01, in the same period of 1992. Sales were flat at $3bn.

Progress was also made by Boise Cascade. The Idaho-based group posted a loss of $24.2m, or 91 cents a share, compared with a deficit of $35.7m, or $1.18, in the year-earlier quarter. Revenues climbed 7 per cent to $1bn.

The improvement at Georgia-Pacific partly reflected a record performance by the building products business, which lifted operating profits to $210m, against $200m.

Prices for lumber harvested in southern US states were well above 1992 levels, while the volume of sales was also higher.

However, the paper and pulp business, hard hit by an industry-wide slump which began in 1989, showed little sign of rebounding.

The segment's operating loss was $10m, against $7m last time.

The results included an after-tax gain of $10m on an asset sale and $53m in tax charges , bonus payments and early retirement of debt. If these items were excluded, the company would have realised $7m in net income.

Although the overall improvement at Boise Cascade was more modest than Georgia-Pacific's, the Pacific north-west group had more reason to be optimistic about its paper and pulp business.

In the paper segment, Boise Cascade made "good progress in the areas it can control, such as reduced costs and improved product mix," the company said.

The division's operating loss was less than last year's figure, even though weighted-average prices for its products were flat. The company does not issue specific figures for its divisions.

David Brink to head ABSA

MR David Brink, chief executive of the Murray & Roberts construction and engineering group, has been appointed chairman of ABSA, South Africa's largest bank, with effect from November 1, writes Philip Gawith in Johannesburg.

Mr Brink has also been appointed chairman of Murray & Roberts and will relinquish his chief executive position.

At ABSA, Mr Brink must restore the reputation of a group that has been sullied by controversy since its controversial formation in 1991. The bank has recently seen the departure under a cloud of both its chairman, Mr Herc Hefer, and the chief executive, Mr Piet Badenhorst.

Mexico cuts tax on interest for foreign loans

By Damian Fraser and Stephen Fidler in Mexico City

THE Mexican government is cutting the tax that domestic companies pay on their interest on foreign bank loans. This is expected to reduce their cost of funding in foreign currencies.

The government plans to reduce, initially for a two-year period, the withholding tax to 4.9 per cent, from 15 per cent, on their interest on bank loans. This will cut the cost of foreign bank funding by one-tenth.

The tax reduction is expected to increase capital flows into Mexico.

It may also put pressure on Mexican banks to lower their interest rates.

The move will not affect bonds issued by Mexican companies, which are exempt from the tax.

Genentech's profits meet expectations

By Karen Zagor

GENENTECH, the US biotechnology company which is 60 per cent owned by Roche of Switzerland, yesterday posted third-quarter profits at the top end of expectations and predicted earnings growth in 1994.

For the three months to September 30, Genentech recorded net income of $15.5m, or 13 cents a share, up from $7.7m, or 7 cents in the same period of 1992. Most analysts had expected earnings of 9 cents a share in the quarter.

Revenues advanced to $165.4m from $137.3m.

Mr Kirk Raab, chief executive, said the improvement reflected the medical community's acceptance of the value of Genentech's Activase heart drug.

Sales of Activase slumped in 1992 amid concern over its price and effectiveness. They started to rebound this year after a study showed heart attack patients had a survival advantage over patients taking a rival drug.

Activase sales rose 29 per cent in the third quarter to $63.5m from $49.4m a year earlier.

Genentech also received a boost when an FDA advisory panel recommended approval of Genentech's next product.

"Considering the fact that in August an FDA advisory panel unanimously recommended approval for Pulmozyme [dornase alfa] DNase for treating cystic fibrosis, we approach 1994 with continued expectations of growth," Mr Raab said.

For the nine months, Genentech earned $40.3m, or 34 cents on revenues of $488.2m, against $14.6m, or 13 cents on revenues of $402.3m the previous year.

See Lex

Wall Street welcomes Bell-TCI merger

SHARES in Bell Atlantic, the US regional telephone group, soared to record levels yesterday as Wall Street continued to register its delight over Bell's bid for Tele-Communications, the biggest US cable television company.

At mid-session, shares in Bell were up $2¼ at $68⅛, while TCI's A shares rose $1½ to $32⅞, also a 52-week high.

The deal values TCI at $11.8bn, or $19 per share, excluding the Liberty Media programming assets, which could be worth up to a further $10bn, or $16 a share, if included in the takeover.

Bell Atlantic, which was advised by Salomon Brothers, would also take on some $9.6bn of debt.

Bell Atlantic said it would issue 220m new class B shares in exchange for TCI shares.

It added that the new class B shares will not pay dividends for five years. However, it intended to maintain its class A share dividend at the current level of $2.68 annually.

Bell Atlantic said the contemplated deal values the cable properties involved at about 11.75 times annualised cash flow for the three months prior to the closing.

It said that if it was allowed to acquire all the TCI/Liberty assets, each TCI class A share would receive about 0.65 of a new Bell Atlantic class B share.

In a separate statement, Bell Atlantic said that it had hired an investment banker to evaluate strategies for exiting the financial services business.

The company's financial services include diversified leasing, computer leasing and real estate companies.

Bell Atlantic's chief financial officer, Mr William Albertini, said the new Class B shares are valued at about $54 a share.

The number of shares may change by the time the deal closes in the second half of 1994, he added.

While the dollar value per share would remain firm, the number of shares is yet to be finalised, and a complex formula will be used, based in part on cash flow from 9.4m cable subscribers not in the Bell Atlantic region, he said.

Bell Atlantic said that it expected earnings per share dilution in the first year after closing of around 30 per cent to 35 per cent.

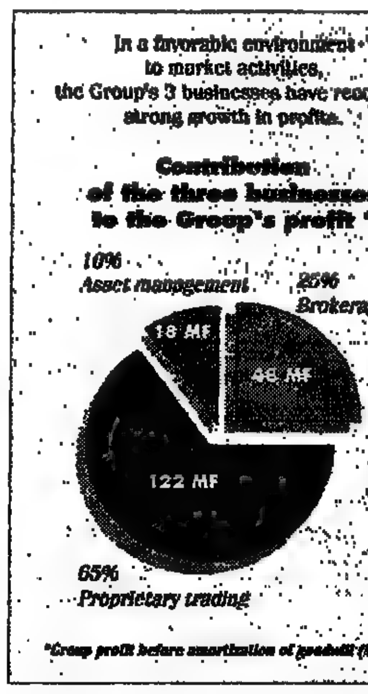
Growth in earnings per share is expected to be well above 10 per cent a year for the five-year period after closing the deal.

It said because of the consent decree that broke up the Bell System, it cannot provide certain long-distance telephone service, and since Liberty Media's and Tele-Communications' programming interests include some incidental long distance service, it must obtain a waiver.

If it acquires the waiver and other regulatory approvals, Bell Atlantic would acquire all Tele-Communications and Liberty Media assets except the in-region cable operations and other prohibited assets, which would be distributed to Bell Atlantic shareholders or sold.

However, the company said that if there were delays in the transfer of the programming and certain other assets, then programming properties and in-region cable would be distributed to Tele-Communications/Liberty shareholders, creating a new public company.

Bell Atlantic said it would provide $1bn to the new company, and receive a 5 per cent five-year note and warrants to acquire 19.9 per cent of the new company's stock at a price to be set upon closing.



Boral raises bid to win Sagasco

By Nikki Tait in Sydney

THE battle for control of South Australia's Sagasco Holdings came to an abrupt end yesterday when Boral, the Australian building materials and energy company, increased its offer and secured the support of the oil and gas company's largest shareholder.

The new offer of A$3.90 a share, raised from A$3.50 a share, values Sagasco at A$846m (US$545.8m), which compares with A$759m previously.

The South Australian Government Financing Authority, which holds a 31.89 per cent interest in Sagasco, said it would accept the revised terms.

At the outset of the bid, Boral had acquired a 19.9 per cent interest in its target – also from the financing authority – for A4146m, or A$3.40 a share.

As a result, Boral now owns or has acceptances in respect of more than 50.1 per cent of Sagasco's shares. This allowed the bidder to declare its offer unconditional yesterday morning. The revised bid will now be extended until October 28.

The quick denouement left Santos, the Adelaide-based oil and gas company which holds a 19.9 per cent interest in Sagasco, pondering its position. "Santos has not accepted the offer and is considering its position in the light of these developments," it said in a brief statement.

Santos opened the bidding for Sagasco a year ago, with an offer of A$3.70 a share, but ran into opposition from the Trade Practices Commission. The TPC worried that a takeover of Sagasco – which has oil and gas interests in South Australia's Cooper Basin as well as interests in south-west Queensland, Western Australia's Beharra Springs and the Northern Territory's Amadeus gas projects – would give Santos a virtual monopoly in the South Australian gas industry.

Australian venture for Chinese steelmaker

By Nikki Tait

CHINA'S largest steelmaker, Anshan Iron and Steel Complex (Angang), has signed a joint venture agreement with Perth-based Portman Mining to develop an iron ore mine at Koolyanobbing in Western Australia.

Koolyanobbing was closed by Broken Hill Proprietary in 1982, but the aim is to redevelop the mine by July next year. Angang will buy all the iron ore fines produced at Koolyanobbing – which are estimated to average around 1.1m tonnes a year – for the next 20 years.

The joint venture will take over low-grade stockpiles left behind when BHP closed its iron ore operations on Cockatoo Island, off northern Western Australia. Angang will also buy the concentrate from Cockatoo Island for the six years of this project.

Total annual sales for the joint venture – including those to Angang – are forecast to be A$50m (US$33.13m) a year.

Investment in the joint venture project itself will be around A$25m, although the two parties said that there would be further "substantial" expenditure by plant and equipment contractors and by the Esperance Port Authority on shiploading facilities.

Portman will hold a 60 per cent interest in the joint venture, and Angang the rest.

Hitachi to increase spending on advanced memory chips capacity

By Michiyo Nakamoto in Tokyo

JAPANESE semiconductor makers are stepping up investment in next-generation dynamic random access memory chips in a bid to take advantage of strong demand for advanced memory chips from the personal computer industry and stay ahead of rivals in the highly competitive market.

Hitachi yesterday became the latest company to announce it will increase investment in 16-megabit dRAMs to bring worldwide capacity at its dRAM factories to about 2m chips a month by the end of next year.

The company produces about 300,000 16-megabit dRAMs a month in Japan, but it plans to start manufacturing the chips at its German plant next year. It will invest Y60bn ($566m) by the end of fiscal 1996.

Hitachi's move follows the earlier decision by NEC to bring a semiconductor facility on stream to manufacture 16-megabit dRAMS next year. NEC's facility, which had been built but not equipped, will eventually have the capacity to manufacture 4m dRAMs per month, the company said.

Meanwhile, Fujitsu, one of Japan's leading semiconductor makers, and Hyundai, the Korean company, agreed earlier this month to co-operate in the development of 16-megabit dRAMs. Hitachi also agreed earlier this month to transfer 16-megabit technology to Goldstar of Korea and buy back chips on an original equipment manufacturing basis.

Nissan and Mazda seek components price cuts

By Michiyo Nakamoto

NISSAN and Mazda, the lossmaking Japanese carmakers, are seeking another round of price cuts from their components suppliers.

Nissan said it had asked about 50 of its suppliers to reduce their prices – its second such move this year.

In February, the carmaker sought reductions from 32 of its affiliated suppliers.

It had been forced to seek further price cuts by the prolonged downturn in the Japanese market and the sharp rise in the value of the yen, it said.

Nissan had forecast a recovery in new vehicle demand in the second half, but it now believes that there is unlikely to be any improvement before 1994.

Mazda said that it had asked its components suppliers to reduce prices by at least 3 per cent following a similar request in April.

Honda asked its suppliers to reduce prices by 2 per cent earlier in the year, but has not requested price reductions since then, the company said.

Japanese vehicle makers are squeezing their suppliers under the impact of one of the worst downturns the industry has experienced.

New vehicle sales expected to fall in 1993 for the third year in succession.

Similar pressures are being exerted elsewhere in the world auto industry.

This is particularly true in western Europe and in North America, as manufacturers seek to staunch heavy losses.

Minsk project for Coca-Cola Amatil

By Our Financial Staff

COCA-COLA Amatil, the Australian company which is controlled by the Atlanta-based Coca-Cola group, is forming a joint venture company with the Minsk Soft Drink Factory (MSDF) in Minsk, the capital of Belarus, to produce and distribute the soft drink in the republic.

The joint venture company would be owned 95 per cent by CCA and 5 per cent by MSDF. Some Coca-Cola is already bottled by soft drink factories in three cities in the republic - Minsk, Brest and Vitebsk.

Coca-Cola Amatil has franchises to make and sell Coca-Cola products in Austria, Hungary, the Czech and Slovak republics, Australia, New Zealand, Papua New Guinea and Fiji.

Mitsukoshi plunges into the red at halfway

By Emiko Terazono in Tokyo

MITSUKOSHI, an up-market Japanese department store, posted its first interim pre-tax loss in nine years as an increasing number of consumers turned away from luxury goods.

The store suffered a non-consolidated pre-tax loss of Y1.7bn ($16m) and an after-tax deficit of Y2bn. Sales fell 5.1 per cent to Y398.8bn as unseasonally cool weather hit sales of clothing and household goods. Mitsukoshi expects a full-year pre-tax loss of Y2.3bn on a 3.6 per cent fall in sales to Y812bn.

Among other retailers, Daiei, the country's largest supermarket operator, saw its pre-tax profit fall 8.4 per cent to Y10.5bn on a 1.2 per cent rise in sales to Y1,011.7bn. After-tax profit inched up 1.6 per cent to Y4bn.

Daiei reported a special first-half loss of Y5bn due to liquidation of a subsidiary. The company is trying to cut its debts, officials said. Daiei expects full-year unconsolidated pre-tax profits to fall 2.3 per cent to Y2bn on a 1.2 per cent rise in sales to Y2,040bn.

Ito-Yokado, which owns Southland Corp of the US, reported a a 14.8 per cent fall in interim pre-tax profits to Y41.7bn on a 0.1 per cent rise in sales to Y750.8bn. The company said profits were hit by the fall in clothing sales, but the effects of cost-cutting efforts would come through in the second half. Ito-Yokado expects a 5.1 per cent fall in full-year pre-tax profits to Y92.5bn, on a 1.9 per cent rise in sales to Y1,540bn.

Seven-Eleven, a convenience store operator and a subsidiary of Ito-Yokado, said its half-year pre-tax profit rose 2.6 per cent to Y46.2bn. Sales rose 7.5 per cent to Y98.6bn due to the launch of a record 224 stores during the first half. After-tax profit rose 4.4 per cent to Y25.2bn.

The company expects full-year pre-tax profits to rise 5 per cent to Y89.5bn on an 8.5 per cent increase in sales to Y197.4bn.

Global battle is joined for Spanish telecoms market

Tom Burns in Madrid on the end of protectionism

THE gloves are off in the battle for control of Spanish telecommunications, a market which, according to Price Waterhouse, is worth around $7.8bn, or almost 2 per cent of the global telecoms market.

After years of protection from the outside world, the market is being prised open. The Spanish government is about to award two licences to allow independent operators to provide data transmission services, and next year plans to liberalise the cellular telephone business.

Opinions are mixed as to how Telefonica, the state-controlled telecommunications group chaired by Mr Candido Velazquez, will face up to the competition. An estimated 31 per cent of its revenues come from businesses that will shortly be opened up to competition.

British Telecommunications (BT), France Telecom and Cable and Wireless are seeking data transmission licences. Three domestic consortia, which involve almost all of Spain's big corporate names, have teamed up with foreign operators to bid for the mobile telephone business.

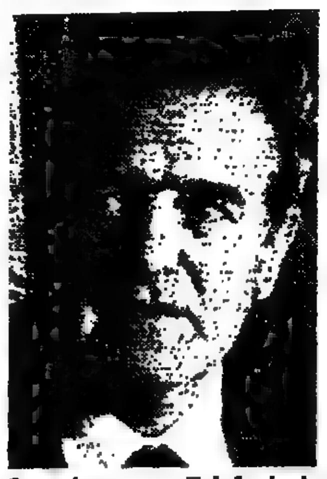
Telefonica, in which the government has a 32 per cent shareholding, claims it can hold on to a market share of at least 75 per cent for deregulated services and that it faces a possible 4 per cent loss of annual revenues.

It has signed up JP Morgan, the US investment bank, as financial adviser.Telefonica insiders say the US bank will be the company's key partner as it seeks strategic international alliances, particularly in Latin American privatisation processes.

The government is going slow on liberalisation. Like Ireland, Portugal and Greece, it has ensured that voice transmission and the basic domestic network (which accounted for 82 per cent of Telefonica's revenues last year) will not be deregulated until 2003 instead of in 1998 as elsewhere in the EC.

However, many analysts doubt Telefonica's ability to prosper in an open market. "The danger is not so much the increasing competition, but the way in which big clients, the financial groups and the industrial corporations, could find ways around the restrictions once better technology is on offer," says one.

Telefonica's fundamental problem is the growing domestic frustration over its services. Monopoly status has bred a lethargic and reactive corporate culture, say its critics. Its long distance tariffs are among the highest in Europe, and its response to customers is slow.



Squaring up: Telefonica's Candido Velasquez

A recent survey among major Spanish companies indicated that Telefonica's customer base was divided and unsatisfied; 60 per cent of the corporations interviewed said they would switch to another supplier if they could.

BT, which established itself in Spain four years ago, now operates three Spanish nodes, connecting domestic clients to its global network service for data management. Earlier this year it won a contract from Repsol, the partially-privatised energy group and a former Telefonica customer, to manage its external data transmission.

Last month BT delivered its boldest challenge yet to Telefonica when it unveiled a £400m joint venture with Grupo Santander, the big banking and financial services group, to bid for one of the forthcoming domestic data communication licences.

The venture, which is built around Megared, a data company that Banco Santander created in 1989 to serve its extensive branch network, aims to capture 22 per cent of the domestic data transmission market over the next decade.

The real blow to Telefonica was that it was perceived as being summarily dumped by the Santander group, which had a seat on the Telefonica board, in favour of an outside competitor. Santander informed the national telecommunications group of its alliance with BT just one day before the agreement was publicised. The banking group's nominee director subsequently resigned from Telefonica's board.

Telefonica responded to BT's assault by launching its own data transmission company, supplying voice and images as well as data and announcing that it had secured two large clients, Caja de Madrid, the second-ranked Spanish savings bank, and Banesto, a big private bank network, for the new service.

Nevertheless, it is clear that the umbilical cord which once linked Telefonica to big domestic financial groups has been severed.

In the wake of the BT-Santander alliance, Banco Central Hispano, one of the biggest Spanish banks, acquired 10 per cent of AT&T Network Systems, as part of an ambitious programme of industrial and financial co-operation with the US telecommunications giant.

Hispano expects to maintain good relations with Telefonica, but direct competition is inevitable. Hispano is heading one of the consortia for the cellular phone licences. A further mobile phone consortium is lead by Banco Bilbao Vizcaya, another big banking group.

Perhaps the most visible irony of the deregulation is that the home-based banks have sought partnerships abroad to exploit the new trading climate, while Telefonica has contracted the services of a foreign bank – JP Morgan – to defend its home turf.

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INTERNATIONAL CAPITAL MARKETS

Cut in Spanish money rate helps lift Iberian sectors

By Conner Middelmann in London and Patrick Harverson in New York

IBERIAN markets were lifted by the Spanish rate cut and news that Portugal plans to scrap its withholding tax for non-residents, as most European core bond markets put on a lacklustre performance.

The Spanish central bank cut its key money rate by ½ point to 9.5 per cent. This pushed the December bond future on the Spanish futures exchange up 0.51 point to 101.91.

GOVERNMENT BONDS

After Wednesday's rally, the Portuguese 10-year benchmark jumped another point to yield 9.03 per cent, down 42 basis points in the last two days. Traders reported heavy foreign buying of Portuguese bonds following the tax news and while some felt the rally had gone far enough, others said it could well go further.

■ UK gilts traded in a jagged pattern, falling at the open, recovering during the day and closing lower. The long gilt contract eased $\frac{4}{32}$ to 113$\frac{11}{16}$.

The erratic trading pattern appeared to reflect investors' uncertainty over recent inflation and economic data.

"There is mild bearishness, but no outright conviction," said Mr Ifty Islam, bond strategist at Merrill Lynch. However, the near-term bias was still downwards, he said.

The Bank of England is set today to announce the next gilts auction and most participants expect a new five-year benchmark.

Some said it may be smaller than the recent £3bn-£3.25bn issues, given that the Treasury is well ahead of its funding schedule. But others said a new 1999 benchmark might require substantial liquidity.

■ FRENCH bonds slipped after the central bank left its intervention rate unchanged at its latest open-market operation. Nevertheless, rate-cut hopes remain alive.

"They wouldn't let call money ease like this if it wasn't going to happen near-term," said Ms Marie Owens Thomsen, international economist with Midland Global Markets. Call money trades at 7 per cent, the lowest it has been in seven years.

French easing is expected to be kicked off by a drop in the German repo rate. Once the easing process resumes, Ms Owens Thomsen expects to see funds shifting back into shorter maturities, causing French and German yield curves to steepen and pushing their 10-year yields back above 6 per cent.

■ BELGIAN bonds jumped on foreign buying spurred by hopes for near-term easing. The 10-year yield premium over bunds narrowed to 124 basis points from 131.

■ GERMAN bonds ended little changed, with the December Bund future closing at 99.97 down 0.05 point on the day. As French and Belgian francs came under increased pressure traders reported some safe-haven buying of bunds, but flows were modest.

■ GOOD news on inflation lifted US Treasury prices at the long end of the bond market yesterday morning.

By midday, the benchmark 30-year government bond was up $\frac{13}{32}$ at 105$\frac{13}{32}$, yielding 5.855 per cent. At the short end, the two-year note was up $\frac{1}{32}$ at 100¼, to yield 3.791 per cent.

Buyers moved into the market as soon as the Labor department reported that its producer prices index rose 0.2 per cent in September. Not only was that figure slightly below the 0.3 per cent analysts had been expecting, but the core measure of producer prices (which excludes the volatile food and energy components) was unchanged last month.

The numbers underlined what the market knew – that inflation was not a threat to fixed-income investors at the moment – but the surprisingly weak core PPI figure proved enough to push longer-dated prices sharply higher.

FT FIXED INTEREST INDICES

	Oct 14	Oct 13	Oct 12	Oct 11	Oct 8	Year ago	High *	Low *
Govt.Secs (UK)	102.70	102.61	102.84	102.55	102.68	90.57	102.86	93.28
Fixed Interest	124.18	124.27	124.42	124.36	124.21	104.78	125.20	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed interest high since compilation: 125.20 (1/9/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Oct 13	Oct 12	Oct 11	Oct 8	Oct 7
Gilt Edged Bargains	108.8	105.4	124.2	90.6	90.0
5-Day average	103.4	103.4	104.1	97.3	96.3

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	120.5684	-0.004	6.62	6.74	6.72
BELGIUM		9.000	03/03	111.8000	+0.095	7.25	7.25	7.11
CANADA *		7.500	12/03	105.7700	+0.470	6.70	6.67	6.94
DENMARK		8.000	05/03	110.5000	-0.300	6.49	6.58	6.79
FRANCE	BTAN	5.750	11/98	100.7505	-0.174	5.57	5.56	5.65
	OAT	6.750	10/03	105.8200	-0.070	5.96	6.01	6.14
GERMANY		6.500	07/03	104.0150	+0.010	5.94	6.00	6.14
ITALY		10.000	08/03	107.7900	-0.170	8.99†	9.09	9.48
JAPAN	No 119	4.800	06/99	107.7477	-0.159	3.19	3.20	3.60
	No 157	4.500	06/03	104.9556	-0.187	3.90	3.93	4.11
NETHERLANDS		7.000	02/03	107.6900	+0.050	5.87	5.92	6.01
SPAIN		10.900	08/03	113.9000	+0.350	8.72	8.90	9.07
UK GILTS		7.250	03/98	103-31	+1/32	6.21	6.30	6.33
		8.000	06/03	107-31	-9/32	6.85	6.87	6.86
		9.000	10/08	116-10	-17/32	7.20	7.19	7.21
US TREASURY *		5.750	08/03	104-00	+10/32	5.22	5.32	5.34
		6.250	08/23	105-16	+28/32	5.86	6.00	5.94
ECU (French Govt)		8.000	04/03	110.8000	+0.070	6.44	6.63	6.80

London closing, *New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Mexican groups plan US listings

By Damian Fraser in Mexico City

FOUR more Mexican companies are planning to issue equity on the New York Stock Exchange this year, as the corporate sector continues to tap international markets.

The four are Grupo Financiero Serfin, the third largest financial group; Grupo Televisa, the big media company; Gemex, the Pepsi-Cola bottler; and Bufete Industrial, a leading industrial construction group.

The four issues will bring the number of Mexican companies listed on the NYSE to 12. In the first eight months of 1993, Mexican companies issued $1.07bn in new equity.

Grupo Televisa will offer about 5 per cent of its capital in a $375m equity offering on the NYSE. The issue will be lead managed by Goldman Sachs. Televisa's ADRs are traded in New York on the private 144a market.

Grupo Financiero Serfin, the financial group that owns Banca Serfin, is expected to sell between $150m and $200m of equity in the US. It will be the first Mexican financial group to be listed on the NYSE. The offer will be managed by First Boston.

Banca Serfin made profits of $155m in the first half, and has assets of $21bn. It has total assets of about 77bn new pesos. The bank was privatised with a wave of other banks in 1992. At the time, industrialist Mr Adrian Sada Gonzalez paid about $940m for a 51 per cent stake.

Serfin will offer shares to local investors through the Mexican stock exchange. Serfin's brokerage Operadora de Bolsa Serfin, will lead that tranche, the sources said.

Bufete Industrial, a leading industrial engineering company which has a joint venture with Kellogg, the US company, plans to launch an initial public offering on the NYSE and Mexican stock exchange for about $110m. The offering will be lead managed by Goldman Sachs.

Gemex, the Pepsi-Cola franchise holder for Mexico City, Acapulco and the Yucatan, will place 20 per cent of its capital in the NYSE in December for between $300m and $400m, according to Enrique Molina, the chief executive. This offering is expected to be managed by Goldman Sachs.

EC launches long-awaited DM1bn Eurobond issue

By Antonia Sharpe

THE European Community launched its long-awaited DM1bn Eurobond offering yesterday, capitalising on Wednesday's favourable reception to its Ecu1bn Eurobond issue.

The EC decided to launch the five-year D-Mark bonds quickly so as not to clash with the World Bank's planned DM3bn global offering.

INTERNATIONAL BONDS

The World Bank's deal is expected to come early next week, ahead of the Bundesbank's meeting.

The market was surprised that the EC only borrowed DM1bn, half the amount which had been rumoured.

The EC is currently funding the second Ecu2bn tranche of its Ecu8bn lending programme to Italy.

Mr Paul Goldschmidt, director at the EC's credit and investment division reporting to EC economics commissioner Mr Henning Christophersen, said Italy had not wanted to borrow more than DM1bn at this time. The other DM900m would be raised at a later date, he said.

The pricing of the bonds, to yield eight basis points over the series 107 of German government medium-term notes, came within expectations. When the bonds were freed to trade, the spread narrowed slightly.

The other large deal of the day was a $1bn FRN offering from LKB Baden Württemberg.

The pricing of the five-year notes, which yielded 11 basis points below the six-month London interbank offered rate (Libor), was seen by some to be on the tight side.

However, lead manager CSFB said the pricing reflected the issuer's triple-A rating and its close links with the state of Baden Württemberg. The deal, which provided fresh liquidity to the market, attracted investors who were looking for defensive instruments. The notes traded around their fixed re-offer price of 99.95 in the afternoon.

Instituto Nacional de Industria (Ini), the Spanish state industrial holding company, today signs its $1bn Euro medium-term note programme. It plans to make its first Eurobond offering, of $500m, under this programme towards the end of November.

Urban Mortgage Bank of Sweden plans to raise $500m in the Euromarket next week. Nomura is thought to be arranging the deal.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
LKB Baden Württemberg Fin.‡	1bn	(a)	99.95R	Nov.1998	0.15R	-	CS First Boston
People's Republic of China	300	6.125	99.15R	Nov.2003	0.35R	+69 (5¾%-03)	Lehman Brothers Asia
Banco Mexicano	100	8.00#	100R	Nov.1998	0.875R	+340(4¾%-98)	Chemical Investment Bank
D-MARKS							
European Economic Community	1bn	5.625	100.025R	Nov.1998	0.25R	+8 (6⅜%-98)	Deutsche Bank
Bayernhypo Finance	500	5.875	101.50	Nov.2000	2.25	-	Bayerische Hypobank
STERLING							
Republic of Turkey	125	9.00	97.77R	Oct.2003	0.625R	+230 (8%-03)	SG Warburg Securities
HMC Mortgage Notes 10‡	100	(b)	99.92R	Nov.2020	undisc.	-	CS First Boston
FRENCH FRANCS							
SNCF(c)	1.8bn	6.00	97.18R	Nov.2008	0.35R	+15 (c)	CDC
YEN							
Seiyu(d)	20bn	4.20	99.925R	Oct.2000	0.30R	-	Nomura International
Seiyu(e)	10bn	3.60	100R	Feb.1999	0.30R	-	DKB International
Korea Development Bank(d)	9bn	3.00	100.25R	Apr.1996	0.25R	-	IBJ International
CANADIAN DOLLARS							
San Paolo (Nassau Branch)‡	150	(f)	100R	Nov.2003	0.60R	-	Kidder Peabody Intl.
Eurofima	110	7.00	99R	Nov.2003	0.325R	+25 (7¼%-03)	Swiss Bank Corp.
ITALIAN LIRE							
Finance for Danish Industry	150bn	8.00	101.425	Nov.2000	1.875	-	JP Morgan
HONG KONG DOLLARS							
Rabobank Nederland	400	6.75#	99.77R	Nov.2002	0.325R	-	JP Morgan Securities Asia

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon pays 6-month Libor - 0.125%. b) Coupon pays 3-month Libor + 0.275%. Callable from 17/11/95 at par. c) International tranche of FFr3.2bn domestic issue which may be increased to FFr4bn. Spread is over interpolated OAT's. d) Short 1st and 2nd coupons. e) Short 1st coupon. f) Coupon pays 3-month BA's - 0.3%; minimum 6⅞%, maximum 9%.

Elsewhere, ABN Amro, the largest bank in the Netherlands, opened up the 100-year maturity in the US domestic bond market to European borrowers with its $150m offering of subordinated deposit notes due 2093.

Lead manager Morgan Stanley said the bonds were priced to yield 110 basis points over the 7⅛ per cent US Treasury due 2023.

This compared with yield spreads of 75 basis points and 67 basis points on similar deals launched by Walt Disney and Coca-Cola, respectively, earlier this year.

ABN's 100-year bonds, which yielded 25 basis points over its its 30-year bonds, were bought by about 20 US institutional investors.

Japan investors 'more aware of credit risk'

By Emiko Terazono in Tokyo

A GROWING reluctance among Japanese banks to guarantee bond defaults is prompting a greater awareness of credit risk among Japanese institutional investors, according to Moody's Investors Services, the US credit rating agency.

Japanese banks are required by law to act as trustees to bond issues, providing cover in the event of default losses. As a result, issuer credit risk has rarely been reflected in Japanese bond yields.

Banks have absorbed the risks of bankruptcy by an issuer. They have repaid the bond holder in full and then sold the collateral on the bonds to cover their costs.

However, faced with deteriorating balance sheets, Japanese banks are increasingly reluctant to take on such risks, says Moody's.

If an issuer were to go bankrupt, investors can no longer expect immediate repayment from banks in full face value of the debt. Banks are now more likely first to dispose of an issue's collateral before reimbursing bondholders.

Moody's says the recent easing of restrictions on issues of uncollateralised bonds poses additional risk for investors.

As Japanese investors become more aware of such changes, they will include credit risks of the corporate issuers among their investment criteria. "A clearer risk-return relationship could soon become reality within the Japanese corporate bond market."

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on October 14

U.S. DOLLAR STRAIGHTS; OTHER STRAIGHTS; DEUTSCHE MARK STRAIGHTS; FLOATING RATE NOTES; SWISS FRANC STRAIGHTS; CONVERTIBLE BONDS; YEN STRAIGHTS

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	29	34	17
Other Fixed Interest	4	2	9
Commercial, Industrial	209	313	896
Financial & Property	149	131	541
Oil & Gas	21	27	31
Plantations	4	0	4
Mines	42	37	59
Others	50	35	44
Totals	508	579	1,601

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
140	Nil	22/10	34pm	27pm	Advest	28pm	
35	Nil	25/10	1pm	¼pm	Britannia	¼pm	
1	Nil	1/11	1pm	½pm	Flagstone	¾pm	+¼
150	Nil	15/11	11pm	5pm	Friendly Hotels	5pm	-2
150	Nil	2/11	23pm	18pm	JIB	23pm	
260	Nil	2/11	77pm	48pm	MB Caradon	77pm	
180	Nil	10/11	23pm	9pm	Perry Group	9pm	-2
8	Nil	26/10	4pm	2pm	Phoenix Timber	2½pm	
2½	Nil	25/10	¼pm	½pm	Wiggins	¼pm	

pm Price at a premium. For other notes please refer to the Guide to the London Share Service.

TRADITIONAL OPTIONS

- First Dealings Oct. 11
- Last Dealings Oct. 22
- Last Declarations Jan. 13
- For settlement Jan. 24

Calls: Alliance Res., Avesco, Hadleigh, Kewill Systems, Micro Focus, Ricardo, Storm Group, Tiphook, WPP. Puts: Hadleigh, Micro Focus. Put & Call: Division Group, Hanson Wts.

3-month call rate indications are shown in Saturday editions.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

[illegible]

October 14 Total Contracts 29,355
Calls 14,053 Puts 15,302
FT-SE Index Calls 3,062 Puts 9,556
Euro FT-SE Calls 471 Puts 845
*Underlying security price. †Long dated expiry mths. Equity premiums are based on closing offer prices. Index options are settlement prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Thu Oct 14	Day's change %	Wed Oct 13	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (25)	128.51	+0.06	128.42	1.53	9.46
2	5-15 years (22)	158.05	-0.13	158.67	1.70	10.65
3	Over 15 years (9)	176.69	-0.48	177.55	2.69	9.70
4	Irredeemables (6)	209.45	-0.32	210.13	3.99	8.83
5	All stocks (62)	151.55	-0.14	[illegible]	1.74	10.19
	Index-Linked					
6	Up to 5 years (2)	188.64	+0.23	188.21	0.18	4.28
7	Over 5 years (11)	185.87	[illegible]	[illegible]	0.57	4.29
8	All stocks (13)	[illegible]	+0.14	185.16	0.53	4.27
9	Debs & Loans (66)	144.08	-0.36	144.60	2.21	8.90

AVERAGE GROSS REDEMPTION YIELDS

			Thu Oct 14	Wed Oct 13	Year ago (approx.)
	British Government				
1	Low	5 years	6.18	6.17	7.72
2	Coupons	15 years	7.03	6.99	8.62
3	(0%-7¾%)	20 years	7.14	7.11	8.86
4	Medium	5 years	6.42	6.44	8.24
5	Coupons	15 years	7.19	7.13	9.07
6	(8%-10¾%)	20 years	7.24	7.19	9.23
7	High	5 years	6.60	6.62	8.51
8	Coupons	15 years	7.38	7.34	9.38
9	(11%-)	20 years	7.39	7.35	9.44
10	Irredeemables (Flat Yield)		7.27	7.24	9.33
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.40	2.47	3.46
12	Inflation rate 5%	Over 5 yrs.	3.14	3.15	4.02
13	Inflation rate 10%	Up to 5 yrs.	1.52	1.58	2.62
14	Inflation rate 10%	Over 5 yrs.	2.95	2.96	3.83
15	Debs &	5 years	7.89	7.82	9.85
16	Loans	15 years	8.12	8.06	10.45
17		25 years	8.22	8.18	10.51

Fall in aviation profits to £2.63m prompts review of approach

Offshoot sale boosts Hunting

By Richard Gourlay

HUNTING, the aviation, defence and oil services company, reported interim profits up 32 per cent, helped by the sale of businesses, but was downbeat about prospects in aviation.

Pre-tax profits for the six months to June 30 rose from £13.5m to £17.7m on sales from continuing operations up 44 per cent at £508m as a result of three months' contribution from its new contract to manage the government's Atomic Weapons Establishment at Aldermaston.

The profit figure was struck after a £2m charge to cover relocation of a business from Sussex and a £5.82m exceptional profit from the sale of its coatings division to Williams Holdings in February.

Operating profit from continuing operations rose from £15.6m to £17.3m.

The contribution from the aviation division fell £2m to £2.63m. Mr Ken Miller, chief executive, said the group had not been able to escape the realities in the aviation market that has seen a further slackening of demand in the last few months.

The recently awarded Ministry of Defence contract covering Rolls-Royce Conway engines had also led to lower than anticipated demand and the level of overhauls was half anticipated volumes.

Mr Miller said the group would be reviewing whether there was a need to alter the way it approached the aviation market. "It is going to be three years before aviation starts to grow as an industry," he said.

By contrast, the defence and oil services divisions held up well. Operating profit from the oil business jumped from £7.41m to £9.4m as more oil was traded and pumped through its pipelines and terminals.

Mr Miller said there was more activity in the Canadian oil industry which should mean more is discovered and pumped through the group's pipelines.

The defence division saw an increase in operating profit from £3.53m to £5.24m, helped by Hunting-BRAE, its 51 per cent subsidiary that has the AWE contract.

Without this contract, the defence business would have been flat or slightly down. Mr Miller said that even though there was unlikely to be much relief from delayed contracts in the latest government spending round, Hunting's defence business would be "basically stable for a year or two".

With the AWE contract, however, and a recently won parachute contract, the division should move "nicely in the right direction".

Gearing ended the period at 36 per cent, lower than the group had anticipated. Mr Miller said that even with a build-up in working capital for the AWE contract, gearing would end the year at a maximum of 40-60 per cent, depending on the timing of MoD payments.

Earnings per share rose from 7.1p to 8.3p; the interim dividend is maintained at 4p.

Restructure and new owners for Quiligotti

By Nigel Clark

QUILIGOTTI is proposing a restructuring and cash injection which is likely to lead to a change in control at the Stockport-based terrazzo tile and industrial flooring company.

The proposals also include the acquisition of Chelsea Artisans and Microfloor.

The moves follow results for the year to March 31 showing pre-tax losses widening from £1.83m to £3.3m. The loss meant that net assets fell to £1.5m, in breach of banking covenants. Borrowings at the period-end were £2.3m, with the expectation that they would rise to a seasonal peak of £3.5m this month.

Turnover was £15.2m (£19.7m). The pre-tax figure was struck after exceptional costs of £1.2m (£280,000). Losses per share came out at 4.4p (5.8p).

The USM-quoted shares, suspended on September 29 awaiting the announcement, resumed trading, falling ¾p to close at 1½p.

Under a placing and open offer 252m shares are being placed by Strand Associates at 1¼p. Some 109m of the shares are offered to shareholders on a 3-for-2 basis at the same price.

To enable the offer to proceed, existing 5p shares will be divided into ½p ordinary and 4½p deferred shares.

As a result of the moves Strand, a private investment company formed in March, and its associates could hold up to 78.4 per cent of the enlarged capital. If the shareholders take up their full entitlement they would hold 53.9 per cent.

Chelsea Artisans and Microfloor are managed by Mr James Walton, who becomes chief executive of the larger group, and Mr Jeremy Brassington, who becomes a non-executive director.

The total consideration is £150,000, satisfied by the issue of shares, plus the discharge of shareholder loans of £150,000 and bank loans of £275,000.

Sema to acquire part of Swedish software group

By Alan Cane in London and Hugh Carnegy in Stockholm

SEMA group, the Anglo-French computing services company listed in London, is spending SKr250m (£20.5m) to buy the main part of a Swedish state-owned information technology company.

Sema yesterday reached agreement with the Swedish government to buy the facilities management, information services, consulting and systems integration businesses of SKDforetagen.

The deal gives Sema its first presence in Scandinavia and strengthens the company's position in Europe in facilities management.

FM, a fast growing trend in information technology, means a company takes responsibility for a customer's data processing requirements. Sema said yesterday that it believed the acquisition would strengthen its hand in bidding for UK government market-testing contracts.

SKD had turnover of £92.3m in 1992. It is one of Sweden's largest IT companies and was formed as a result of the merger of the state companies DAFA, which processes data for the government, and Statskonsult, which develops administrative systems. Customers include Volvo.

In the first six months of the current year, Sema's pre-tax profits rose 38 per cent to £10.6m on revenues up 19 per cent at £232m.

The SKD sale is the latest in a steady programme of privatisation, covering 35 wholly or partly state-owned companies embarked upon by the centre-right government of Mr Carl Bildt since it came to power two years ago.

Yesterday's deal was small, compared with the large privatisation issues already carried out, such as this year's SKr2.2bn flotation of Celsius, the defence group, and those still to come, such as Procordia's pharmaceutical business and the government's share of the OK Petroleum group.

However, it confirmed the government's willingness to include foreign buyers at a time when the issue of growing foreign influence in Swedish industry is the subject of keen debate, mainly precipitated by the proposed merger of Volvo's car and truck operations with France's Renault and a spate of foreign buying recently on the Stockholm stock exchange.

£50m tag for Crest Packaging

By Maggie Urry

A MARKET value in excess of £50m is expected when Crest Packaging's flotation is priced at the end of this month. The listing will be by way of an institutional placing and no new money is being raised by the company.

Four directors and their families own all the shares at present, and will sell 25 per cent. Mr Rodney Webb, managing director, and his family currently hold 85 per cent of the shares, which will fall to 64 per cent after the float.

The company was formed by a management buy-out from Bowater in 1985. It later acquired its 18 acre site and sold 8 acres to Tesco for £21.3m, a profit of £12.7m before tax. Part of the proceeds were paid to Bowater.

The sale transformed the balance sheet, which now carries cash of £10m.

The group made a pre-tax profit of £4.89m on sales of £41.8m in the year to April 30. Pro-forma earnings per share were 8.04p. A dividend cover of about 2 times is expected, to give a yield of 3 or 4 per cent, in line with the sector.

Crest has two broad product lines – flexible packaging which contributed 70 per cent of operating profits in 1993, and cartons which made the balance.

Mr Webb said there had been capacity constraints holding back turnover growth which were being addressed by increasing capacity by 20 per cent over the next year.

Pricing will be announced on October 28 and dealings are due to start on November 4.

Wetherspoon jumps to £4.2m

By Andrew Bolger

JD WETHERSPOON, the London pub chain which was floated last October, celebrated its first anniversary by reporting a doubling in profits, excluding the effect of property disposals.

Pre-tax profits rose to £4.17m in the year to July 31, compared with £2.08m last time. However, under FRS 3, last year's figure was reduced to £926,000, reflecting a write-down caused by the sale of six pubs before the group's flotation. Sales expanded 44 per cent to £30.8m.

Mr Tim Martin, chairman, said the 44 pubs in the group at the time of flotation had performed well in a difficult trading environment. The group had opened a further 23 pubs between then and the end of July, which had all exceeded budgets and were trading profitably after finance charges since opening.

He said: "Although bar sales were down 1 per cent on a like-for-like basis, catering – which accounts for 12 per cent of turnover – increased sales by 27 per cent, being particularly strong in recently opened venues." Mr Martin said the group's all-day menu, which offered food from 11am to 10pm, had proved a great success.

The creation of smoke-free areas in the group's pubs, averaging about a third of each venue, had also been well received.

The group will open 20 more pubs in the current year. Mr Martin said the huge success of a pub opened in Croydon had encouraged the group to look for good provincial sites. It had recently acquired a pub in Norwich, had planning permission for a new outlet in Reading and was interested in expanding into the Midlands.

Earnings per share were 14.7p, a rise of 18.5 per cent on the pro-forma figure in the prospectus. Under FRS 3, the comparative figure is 5.8p. A proposed final dividend of 3.6p gives a total of 5.4p (2.4p).

Source: FT Graphite

■ COMMENT

JD Wetherspoon's shares, unchanged yesterday at 341p, have more than doubled since last year's flotation at 160p. That partly reflects enthusiasm for the group's strong marketing skills, and partly the market's growing support for small companies. The confidence and success with which Mr Martin has introduced features such as no-smoking areas suggest that he retains a close grip on which his customers want. Analysts like the company, but are divided as to whether the shares have risen far enough for the time being. Forecast earnings of £5.8m put the shares on a prospective multiple of 18, a healthy premium to the market. They may not race ahead in the short term, but on a longer view should reflect the group's strong growth prospects.

BNB advances to £344,000

By Peter Pearse

BNB Resources, the executive search and selection, training and consumer advertising group, lifted pre-tax profits from a depressed £53,000 to £344,000 in the six months to June 30. Turnover edged ahead from £31.2m to £31.8m.

Mr David Norman, chairman, described the results as "an encouraging recovery" and pointed out that all three operating divisions improved their performances.

Specifically, the human resources recruitment side, which accounts for about two thirds of group turnover, increased profits – on improved margins – by 30 per cent to £1.77m (£1.37m).

Mr Norman said there had been a "modest overall advance" in the senior management and professional recruitment market. He said that this was a sign of "a growing economy" – management are usually hired and put in place prior to, and in preparation for, the coming upturn, whereas activity in the volume recruitment sector lags behind the recovery. This remained depressed and the outlook flat.

Revenues at Norman Broadbent, the headhunter, rose 51 per cent, while they were up 29 per cent at NB Selection, which advertises for candidates only in the UK. Income at NBI in the US grew 50 per cent and a third US office was opened in Chicago.

The US represented "a substantial opportunity", said Mr Norman, and the Far East, where NBI Hong Kong opened an office in Beijing, was "very important to us".

Cost cutting measures in the training division helped reduce its seasonal losses to £460,000 (£582,000) in spite of depressed volumes and margin pressure, and Mr Norman said there had been a 10 per cent increase in first-year chartered courses – the first rise for three years.

Losses were also cut in regional communications, the consumer advertising business, which had been "tough, very tough".

Earnings expanded to 1.1p (0.1p) per share and the interim dividend is held at 1.6p. Mr Norman expected that, unlike last year, the full-year pay-out would be covered.

HTR Japanese offer oversubscribed

By Philip Coggan

THE FIRST investment trust launch by Henderson Touche Remnant, the recently merged fund management group, has proved a success with the £100m offer for subscription of HTR Japanese Smaller Companies Trust being oversubscribed.

The amount raised, viewed in the light of the recent £80m flotation of Fleming's Chinese trust and the £67m raised by Schroder's emerging markets unit trust, indicates the healthy state of the collective funds sector.

Henderson raised £75m via a placing for its trust with the £25m coming from an offer for subscription. Dealings in the shares will start on October 22.

Barlows reduces loss

BARLOWS, the Chester-based property investment and development group, reported a reduced deficit of £202,000 before tax for the six months to June 30.

The outcome, compiled under FRS 3, compared with a restated loss of £368,000 and came on rental income of £768,000 (£819,000).

Mr Nicholas Berry, chairman, said the group should return to the black next year.

This would follow measures to minimise letting voids and to reduce overheads coupled with benefits of rental reversions.

Losses per share narrowed to 1p (1.78p).

The interim dividend is omitted (0.825p)

£1m buy for Tunstall

TUNSTALL, the emergency communications and security systems group, is acquiring its Dutch distributor in a £1m deal.

Rotterdam-based Nieuwburg Care and Communications has acted as distributor and installer of Tunstall's UK manufactured products in the Netherlands since 1985.

The consideration, payable in cash from existing resources, comprises some £450,000 for inventory and equipment and £550,000 for outstanding orders.

In the 1992 year, Nieuwburg achieved turnover of Fl 4.38m (£1.6m) and reported profits at break-even. Turnover for the 12 months to end-October 1993 will not be less than Fl 5m.

Clydeport buys Hunterston terminal

Clydeport has bought the former Hunterston terminal in Ayrshire from British Steel.

The announcement of the £4.8m deal followed an eight-week detailed engineering study of the deep water facility. No traffics have been handled through the Hunterston jetty since June 1992, following the closure of the Ravenscraig steelworks.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Barlows	int	nil	-	0.825	-	0.825
BNB Resources	int	1.6	Nov 30	1.6	-	4.9
Body Shop	int	0.75	Jan 14	0.68	-	1.7
Chillington	int	0.75	Jan 4	nil	-	0.25
El Oro Mining	int	nil	-	24	-	24
Exploration Co	int	nil	-	12	-	12
Hunting	int	4†	Dec 17	4	-	10
Jackson	int	0.5	Nov 26	0.5	-	1.5
Maunders (J)	fin	2.85	Nov 30	2.65	5.15	4.95
Smurfit (J)	int	1.2306‡	Dec 31	1.2306	-	3.74
Wetherspoon (JD)	fin	3.6	Dec 17	-	5.4	-

†On increased capital. §USM stock. ‡Irish pence.

Rolls-Royce and ABB end joint venture

By Andrew Baxter

ASEA BROWN Boveri, the Swiss-Swedish engineering group, and Rolls-Royce, the aero-engines and industrial power group, are ending their four-year old partnership which had been created to seek contracts in the UK market for gas-fired power stations.

ABB is paying an undisclosed sum for Rolls-Royce's 50 per cent stake in the Newcastle-based joint venture company, NEI ABB Gas Turbines.

The venture, which was established in December 1989, was an important step for both companies, which wanted to pursue opportunities created by the privatisation of the electricity industry and the "dash for gas."

NEI, the power plant company known formerly as Northern Engineering Industries, had been bought by Rolls-Royce earlier in 1989, but lacked a range of heavy-duty gas turbines that would allow it to participate in the fast-growing UK market for combined-cycle power stations.

ABB, meanwhile, believed that linking up with a UK supplier with long-established contacts in the domestic power market would help it win business.

However, Rolls-Royce's wide-ranging global technology transfer, marketing and co-operation deal last year with Westinghouse of the US – a main rival of ABB in the power plant business – raised questions about the future of the NEI ABB venture, which was limited to the UK.

Yesterday, Rolls-Royce said it preferred to concentrate on its relationship with Westinghouse than the link-up with ABB.

The work, formerly carried out by the joint venture, which employs 41 people, will be included in ABB Power Plants, a new company ABB is establishing to cover all its UK power plant activities.

This will be headed by Mr Alan Dixon, previously managing director of the joint venture, and will continue to be based in Newcastle.

The new company will take on the joint venture's main contract to build a 500MW combined cycle station at Deeside, North Wales, for National Power, due for completion next year.

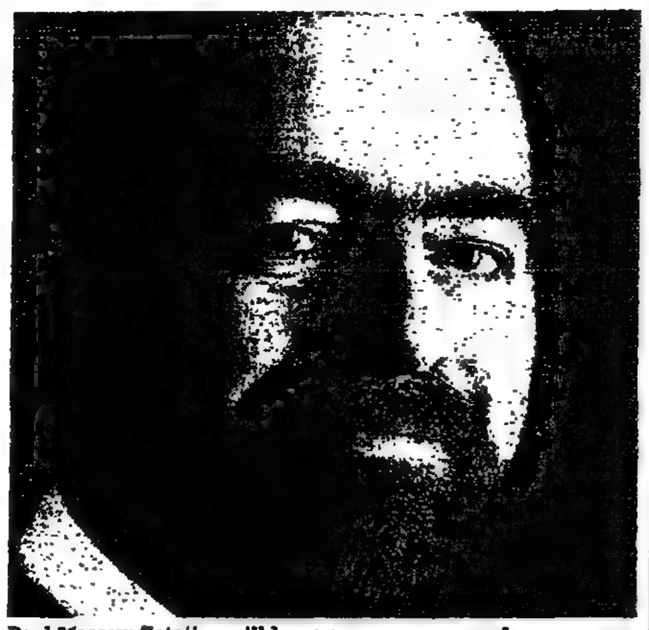
BSM comes to market with £47m valuation

By David Blackwell

BSM GROUP, owner of the British School of Motoring, yesterday finalised its flotation, pricing the shares at 170p, which will give the company a market capitalisation of just over £47m.

Half the total of 19.83m ordinary 10p shares on offer will be placed with institutions, with the remainder offered through intermediaries. The flotation will raise a net £32.1m for the company.

Mr Paul Massey, chief executive, said the flotation would clear debts incurred in the management buy-out of 1990 and leave the company ungeared. It would then be able to take advantage of good growth prospects and expand.



Paul Massey: flotation will leave company ungeared

The group, currently in the middle of its first television advertising programme for 10 years, believes there is pent up demand for driving lessons after three years of recession. It also expects further growth to follow legislative changes and a rising population of 17-year-olds.

It also expects to expand its health and safety division, which provides training for company car drivers, and MCR, its vehicle repair business. These two divisions account for about 10 per cent of total turnover.

A pro forma balance sheet at July 2 shows the group with net assets of £2.19m after taking the flotation into account, compared with net liabilities of £30.3m before the flotation.

British School of Motoring is one of the largest franchisers in the UK and claims 15 per cent of the driving school market. It operates through 134 branches from Aberdeen to Plymouth, and has 2,000 self-employed instructors whose cars cover 1m miles a week.

It is forecasting operating profits of £4.55m for the 1993 year, up from £4.11m, on turnover of £21m. The notional net dividend is 5.78p, giving a notional gross yield at the issue price of 4.25 per cent.

The prospectus also shows that the group expects a 75 per cent tax charge for 1993. This is a one-off charge arising mainly from planning measures being taken in relation to capital allowances on the tuition vehicle fleet. Next year tax should drop to 35 per cent.

After the flotation the directors, including non-executives, will have 1.7 per cent of the company, Deutsche Bank (Morgan Grenfell Group) 7.6 per cent and Sir Anthony Jacobs, the previous owner, 4.5 per cent.

A further 3.6 per cent of the shares will be available under priority arrangements to employees and instructors.

The placing and intermediaries offer was arranged by Morgan Grenfell. Dealings in the shares begin on October 27.

COMMENT

This offer looks to be fully priced, reflecting the management's need to get rid of the debt before it can take the business forward. The prize asset is the brand name, which gives it a national profile. There is probably a good deal of potential demand for driving lessons following the recession, but while BSM's prices tend to be a benchmark for the rest of the industry, they are at the top of the range in a market which is very easy to enter, and people with little money to spend may well go for smaller, local operators. In the longer term the AA, which operates 500 driving school cars, will keep up the competitive pressure. The 1993 notional yield of 4.25 per cent is only just above the market average and the p/e, disallowing the big tax charge, is about 15. Not a lot to get excited about, but more than 70 per cent of the shares will be in the market, giving good liquidity.

Comac rights to fund £18.5m purchase of Computer Search

By Alan Cane

MR PHILIP Swinstead, former chief executive of SD-Scicon, the computing services company acquired two years ago by EDS of the US, is once again at the head of a large information technology company.

Comac, the small USM-quoted computer staff agency in which he has a controlling interest, is buying Computer Search and Selection, a private company which is the UK's largest independent provider of contract computer staff.

The consideration is £18.5m, satisfied by £4m in shares and £14.5m in cash or loan notes.

Comac intends to raise £21.8m through a 4-for-1 rights issue at 86p a share to settle the cash portion of the consideration, repay the enlarged group's indebtedness of £2.5m and provide working capital.

The brokers to the issue, fully underwritten by Samuel Montagu, are James Capel.

Dealings in Comac were suspended yesterday at 90p.

Both companies specialise in finding computer staff with specialised skills.

CSS was founded in 1981 by Mr John Sharpe who remains the large shareholder. From a base of 50 consultants in 1982 it now has more than 1,000 contractors placed with client companies.

In the year to March 26 1993 turnover was £53m with pre-tax profits of £2m.

Comac, founded in 1973, joined the USM in 1989. It had a turnover of £11:1m in 1992 with a profit before tax of £447,000.

Mr Swinstead became chief executive of Comac in June this year following the purchase of a 19.5 per cent stake for £750,000. The acquisition of CSS is part of his strategy to create a computing services company.

A particular trend in the sector is towards the use of contract staff supplied by specialist agencies, rather than the maintenance of large in-house data processing departments.

Mr Swinstead said: "The agency industry is fragmented and we believe it will be restructured over the next few years, just like the software industry in the 1980s.

Parkdean shares up 8p on first day

By Maggie Urry

Shares in Parkdean Leisure, the holiday park operator, ended their first day of dealings at 128p, compared with the 120p issue price.

Mr Graham Wilson, managing director, said he was pleased with the shares' reception on the market and it was "a solid start" to life as a public company.

The group currently owns seven parks but wants to expand by acquisition, using funds made available through the flotation. Parkdean believes it can add new parks without a corresponding rise in overheads. Mr Wilson said he had already had calls from people with parks to sell.

The shares had been placed with institutions. Turnover was 1.29m shares. It is thought that one of the venture capital backers took advantage of the price rise to sell some of its shares.

Two of its parks in East Anglia have been affected by floods, but its insurance is expected to cover any damage.

Quadrant back in the black

By Gary Evans

SHARES IN Quadrant Group jumped 7p to 39p after the photographic and video equipment company reported strong progress towards recovery with a return to the black in the half year to August 31.

Operating losses on continuing activities were cut by 82 per cent, from £1.49m to £263,000. After exceptional credits of £1.33m (£11.3m debits) and interest, the pre-tax profit came through at £1.02m, against a £12.5m deficit before.

Lord Rees, chairman, said he expected a further improvement in operating results in the second half.

The successful disposal of the lossmaking estate agency photoprocessing activities generated an exceptional profit of £861,000, while the re-negotiation of the deferred consideration for the disposal of its shipping activity resulted in an additional £470,000 credit above the line.

Lord Rees said Sangers and Leeds – the distributors of photographic and other imaging products – had returned to profit.

He added that Quadrant Video had stabilised under new management after a poor second half last year. Further losses had been incurred in the period, but a much improved second half was expected.

Turnover dropped to £22.9m (£28.8m), of which £22.7m (£25.2m) related to continuing activities. Earnings per share were 4.36p, against 45.47p losses.

There is again no interim dividend.

Tudor deficit cut to £240,000

Losses at Tudor, the floor and wall tile distributor, widened from £117,000 to £240,000 pre-tax for the half year to June 30.

Turnover of £8.63m compared with £7.81m. Directors said the ceramic tile market had shown a gradual improvement until the early part of April after which the market declined.

They added that during the half year the company had to contend with a considerable amount of price cutting but despite that was able to improve market share and gross profit margins.

United Tiles, whose sales represents 90 per cent of group turnover, was currently trading at turnover levels similar to the corresponding period and was "trading profitably".

Losses deepened to 2.2p (1.06p).

Wm Sindall passes preference

WILLIAM SINDALL, the builder, reported increased pre-tax losses of £619,000 for the half year to June 30, against £417,000. Turnover was £24.6m compared with £22m.

The loss eliminates distributable reserves and the company will not be able to pay the dividend on the 5.625 per cent convertible preference shares. However, the company said it was in the process of disposing of properties before the end of the year which would allow payment to be made.

Operating profit was £91,000 (£580,000) and there were redundancy costs of £144,000 (£138,000). The pre-tax figure was helped by lower interest charges of £566,000 (£859,000).

Losses per share increased to 11.59p (7.55p).

Directors said rental income had held up well but other trading had been difficult. They added that there was no real sign of improvement in the construction sector in the immediate future.

The arrangements with its bankers and other financial institutions to give the company a secure financial future were now being formalised.

Chillington advances to £0.8m

By David Blackwell

AN IMPROVED performance from the tropical agriculture division enabled Chillington Corporation, the conglomerate with interests in plantations and engineering, to record a rise in interim profits from £319,000 to £808,000 pre-tax.

The improvement came on turnover from continuing operations of £25.1m (£24m).

The figures included £489,000 (£261,000) from Anglo-Eastern Plantations. Chillington is selling most of its 49.2 per cent stake in Anglo-Eastern to Genton International of Hong Kong for £8.57m.

Chillington, which has other plantation interests in Indonesia and Africa, said the profits growth was achieved in spite of losses of £639,000 in its forge and foundry division.

The group sold its Manchester-based forge, formerly Eva Brothers, for £285,000 in August and the directors are considering proposals for a management buy-out at Thomas Seager, its foundry.

Earnings per share rose from 0.1p to 2.08p and interim dividends are restored via a 0.75p payment.

Chillington is proposing to convert each existing deferred share to one ordinary share. The deferred shares represent about 31 per cent of total issued share capital.

A 1-for-12 scrip issue is also proposed.

UK COMPANIES AND FINANCE

Banks gag on money market illiquidity

Volatile overnight rates are causing disquiet, writes James Blitz

FOR decades, London has been one of the world's most attractive financial centres, with a strong tradition of deregulation that has attracted trading in currencies, bonds and international equities.

Recently, however, some commercial bank dealers have been concerned by what they regard as unfair competition in an important arena of financial trading in the City: the sterling money markets and the operations of the Bank of England in them.

One of the primary functions of the Bank of England is to ensure commercial banks have an adequate supply of wholesale cash to meet their daily requirements. The price at which the central bank offers wholesale cash to the banking sector is critical in determining the level of money-market interest rates.

In theory, there should be a steady and even flow of cash through the system, ensuring that there are no liquidity shortages – and therefore no sharp fluctuations in short-dated interest rates along the money-market yield curve.

But, recent months have seen acute daily liquidity shortages in the sterling cash market. Some commercial banks have been unable to acquire wholesale cash when they need it – and the cost of overnight money has soared as high as 20 per cent.

By contrast, call money in Germany has hovered between roughly 6.5 per cent and 8 per cent, despite an exchange rate mechanism crisis which caused acute problems in German money markets.

The volatility in sterling rates is of concern to dealers. Commercial bankers might lend money for repayment in 6 months, "funding" that position by borrowing interbank cash at overnight rates.

"Predicting what the overnight rate will be is like predicting the British weather," says the head of money markets at a leading US investment bank in the City. "We simply do not know what the cost of money will be on any given day."

Other dealers believe that the volatility reflects faultlines in the Bank of England's money market operations which need to be repaired. "The root of the problem is that the power to control overnight rates now lies in the hands of a few of the major London clearing banks who dominate the system," said the head of money markets at a leading French commercial bank in London.

Critics are reluctant to speak publicly. They are concerned not to compromise their relationships with the central bank. But they have three complaints:

● First, they argue that the Bank of England removed a substantial pool of liquidity at the heart of the banking system by changing the rules of liquidity management in the UK in the late 1980s.

Under the old rules, commercial banks had to deposit minimum sums of cash, called "club money", with a group of intermediaries called discount houses. In the late 1980s, the rules were changed. Banks were placed under less rigid obligations to provide reserves to discount houses. Instead, they were allowed to hold these assets in the form of bills on their books as a means of meeting minimum reserve requirements.

● Several UK clearing banks have a substantial advantage over other market players because their activities give them huge holdings of these eligible bills, which are essentially a post-dated cheque mainly issued by companies and the principal instrument which the Bank accepts in return for lending wholesale cash.

Some dealers say that the holding of eligible bills by two of the UK clearers – NatWest and Barclays – is so great that they have effectively "cornered" the market.

These clearers are certainly operating within their rights. But they are thought to control the trade in 30 to 40 per cent of all eligible bills between them. If they are in a net lending position, it is in their interests to keep the overall shortage of cash in the discount market very large, thereby ensuring a high overnight interest rate. If they are in a net borrowing position, it is in their interests to remove the shortage quickly and bring the overnight interest rate down.

● The government's expected public sector borrowing requirement – at £50bn – has exacerbated the strains on the system.

The PSBR is funded through sales of gilt-edged securities, which pass liquidity from the banking system back to the central bank. The stock of assistance that the Bank has provided in the past 12 months has been large – and this has created regular money market shortages, giving even more power to those clearers with the power to remove the shortage through their holdings of eligible bills.

Commercial bankers want to reform the system. Some are calling for the introduction of a gilt repo (repurchase) system, which would allow them to offer gilt-edged securities to the Bank of England in return for cash borrowings. This would widen the collateral which could be offered for funds beyond the use of commercial bills – and hence reduce the power of those who dominate the market.

Others are calling for the introduction of a German-style banking system, with direct dealing relationships between the central bank and commercial banks, minimum reserve requirements and a system in which interest rates fluctuate inside a "corridor."

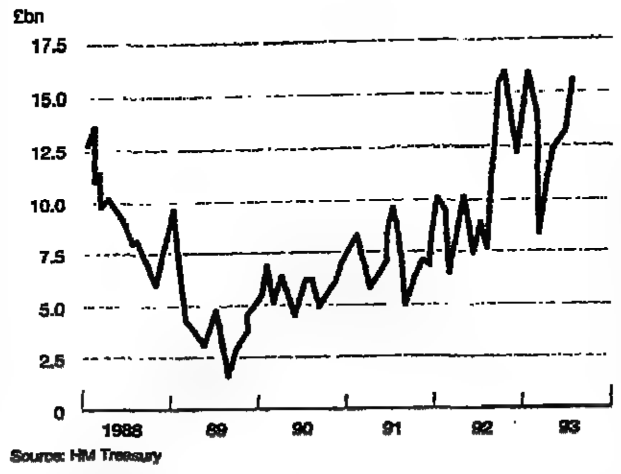
Bank of England officials acknowledge that the growth of the stock of assistance has put strains on the dealing system. But they argue that the problem will diminish with time as the level of gilt sales is reduced.

One official said recently: "We would be happier if there were less volatility in the overnight rate." But that concern does not extend to any reconsideration of how the system operates.

Following the heavy intervention in support of sterling in the exchange rate mechanism last year, the Bank started to provide special facilities which allow for cash borrowing in return for gilts and other securities. Officials say that the system may be extended. But, they have said that the introduction of a gilt repo system would only take place if that were in the interests of the gilt market, first and foremost.

Nevertheless, the unhappiness in the market is unlikely to die down. "We used to take very big positions in sterling money markets because we were reasonably certain how the system would operate," says one foreign commercial banker in London. "Now we are reducing our exposure, the whole thing can't be good for London as a financial centre."

Bank of England money market assistance



Source: HM Treasury

Lasmo rejects Moody's arguments on downgrading

By Robert Corzine

LASMO, the independent oil exploration and production company, yesterday rejected arguments used by Moody's on Wednesday in sharply downgrading the rating of its senior debt and preference shares.

Moody's cited Lasmo's vulnerability to low oil prices as the main reason for cutting the rating on senior debt from Baa1 to Baa3 and on preference shares from Baa2 to Ba1. It also said that Lasmo's "management appears to be willing to accept a higher, permanent level of financial risk."

"We don't like debt but we don't think that out debt is out of control," Mr Michael Pavia, finance director, countered yesterday. He noted that plans to increase net debt to between 80 and 90 per cent of shareholders' funds by 1995 from its present level of 70 per cent arose directly from Lasmo having to spend £350m as its share of the development costs of the Liverpool Bay field.

Mr Pavia emphasised that financing for the project is in place, and that Liverpool Bay posed no special technical challenges, as it was in shallow water and the operator, Hamilton Oil, will use standard technology to develop it.

"After completion of the Liverpool Bay development in 1995-96, the level of gearing is forecast to fall rapidly," the company said. It also cited a rise in the average life of Lasmo's debt to eight years and a growing proportion of fixed-rate debt as reasons why cash flow should stay adequate despite higher debt levels.

Lasmo shares, which have benefited recently from strong US interest, lost 1½p to close at 136p.

Volume was slightly above average at 3.9m shares.

NEWS DIGEST

Maunders declines to £3.84m

JOHN MAUNDERS, the residential property developer, suffered a profits fall from a restated £4.23m to £3.84m pre-tax for the year to end-June.

Turnover improved to £59.8m (£52m) while legal completions rose from 775 to 904. Interest charges were reduced to £1.54m (£1.88m).

The "introduction of a new product range, an excellent portfolio of land, modest gearing and a satisfactory forward sales position", prompted directors to recommend an increased final dividend of 2.85p, making a 5.15p (4.95p) total.

Earnings per share emerged at 10.36p (11.52p).

El Oro Mining down to £0.75m

El Oro Mining and Exploration, an investment and dealing company, announced a fall in pre-tax profits from a restated £1.12m to £751,000 for the half year to June 30.

Earnings per share declined to 11.73p (17.67p) and there is no dividend (24p).

El Oro has a 48.26 per cent interest in the Exploration Company, which in turn has 34.45 per cent of El Oro.

The Exploration Company reported pre-tax profits of £827,000 for the six months to end-June, compared with a restated £1.41m. Earnings were 4.89p (8.24p) per share. No dividend is declared (12p).

Mr Michael Woodbine Parish, chairman of both companies, said the results had been affected by the decision to switch from short-term deposits into growth investments. That had resulted in a reduction in interest receivable and an increase in the market value of group assets.

Graseby offshoot sold to management

Graseby, the electronics group, has entered into detailed negotiations for the proposed sale of Graseby Keltek to its management for in excess of £3.5m.

Keltek, a contract electronic design, development and manufacturing business, returned profits of £35,000 pre-tax on sales of £11.4m for the year to end-December 1992.

Scantronic buys distributor

Scantronic Holdings, the electronic data communications group, has acquired Alarmexpress Holdings for £370,000 cash and a deferred consideration to a maximum £650,000.

Alarmexpress is a distributor of security and related products, including those manufactured by Scantronic.

It made profits of £57,000 before tax for the 12 months to October 31, with an extraordinary charge of £1.4m relating to misappropriations by a subsidiary company director which left the company with a deficit on net assets of £1.1m.

Chepstow R'course rises to £140,500

Chepstow Racecourse raised pre-tax profits by 45 per cent, from £96,565 to £140,522, in the first half of 1993. Turnover grew from £917,595 to £929,240.

The increase was largely attributable to additional income from Satellite Information Services.

Earnings per share increased from a restated 17.4p to 24p.

Jackson recovers to £236,000

Jackson Group, the Ipswich-based construction and industrial services company, returned to the black in the first half of 1993, prompting a bullish statement from Mr Frank Jackson, chairman.

He said the outcome – losses last time of £987,000, restated for FRS 3, were turned into profits of £236,000 pre-tax – was "encouraging" and reflected rationalisation measures taken and "broadly maintained" turnover of £28.2m (£27.8m).

Earnings per 10p share emerged at 0.7p (losses of 4.6p); the interim dividend is again 0.5p.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Prices for trading on [illegible]: Pool purchase price £/MWh	Final Prices for trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.06	18.11	18.11
0100	18.05	18.06	18.06
0130	18.06	18.06	18.05
0200	21.43	18.06	18.06
0230	21.43	18.06	18.06
0300	21.43	18.05	18.06
0330	21.43	18.06	18.06
0400	21.43	18.06	18.06
0430	18.07	18.06	18.06
0500	18.06	18.05	18.05
0530	18.11	18.03	18.03
0600	18.11	18.03	18.03
0630	19.07	18.03	18.03
0700	19.06	21.61	24.66
0730	32.91	25.34	28.40
0800	33.66	27.89	31.04
0830	33.79	28.17	31.40
0900	33.74	32.85	36.24
0930	33.47	33.16	36.63
1000	30.97	33.24	36.73
1030	29.50	32.97	36.39
1100	29.49	28.65	32.01
1130	29.46	28.62	31.97
1200	28.04	28.54	31.87
1230	27.96	28.24	31.48
1300	27.88	27.01	30.17
1330	26.60	26.75	29.83
1400	25.42	25.34	28.40
1430	25.42	25.33	28.39
1500	25.41	25.33	28.39
1530	25.41	25.32	28.38
1600	25.41	25.33	28.38
1630	25.42	25.33	28.39
1700	26.01	26.71	29.77
1730	26.01	26.71	29.77
1800	26.04	26.70	29.76
1830	31.58	26.69	29.74
1900	38.38	23.78	26.83
1930	38.38	26.70	29.76
2000	33.61	32.02	35.06
2030	25.42	32.02	35.07
2100	25.27	29.92	32.97
2130	24.52	24.91	27.96
2200	23.69	21.61	24.66
2230	23.65	23.77	25.82
2300	22.27	20.74	23.72
2330	18.24	20.66	23.73
2400	18.05	20.68	23.73

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. [illegible] ©Energy Settlements and Information Services Limited

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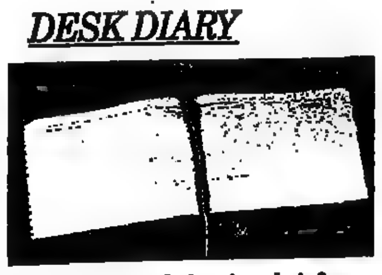

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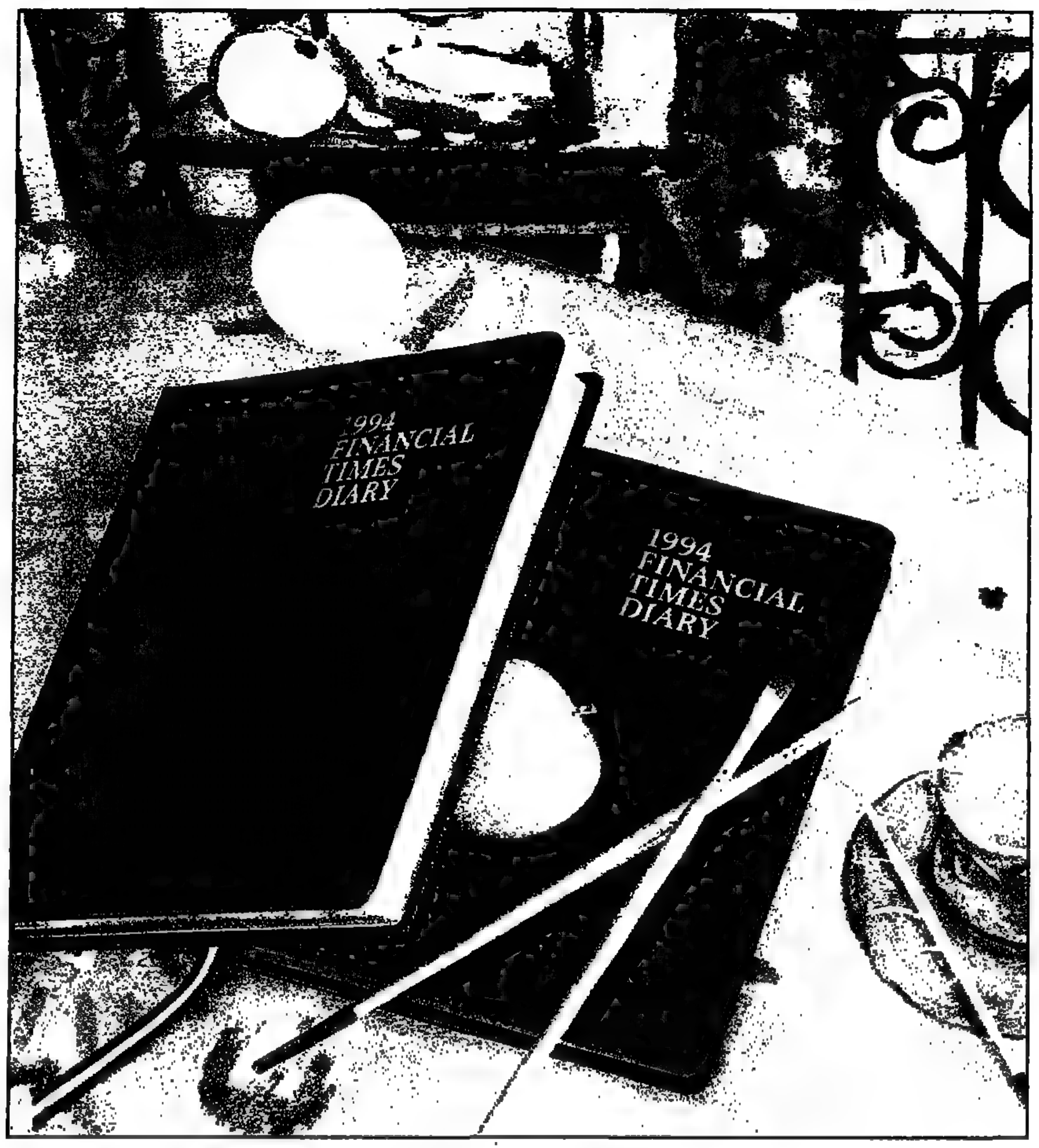

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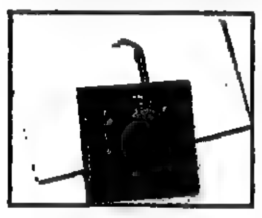

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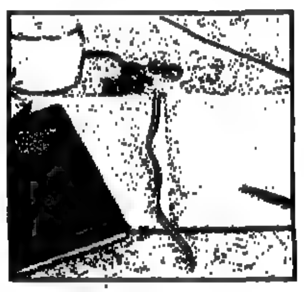

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Zimbabwe 'to rival SA platinum output'

By Kenneth Gooding, Mining Correspondent

ZIMBABWE'S PLATINUM mining industry will grow in the next ten to 15 years to rival output by South Africa, the world's biggest producer, predicts Mr Peter Vanderspuy, chairman of Delta Gold, an Australian group.

Three of the world's biggest mining groups, Anglo American Corporation of South Africa, Broken Hill Proprietary (BHP) of Australia and the UK-based RTZ Corporation, as well as Delta, are in talks about pooling their interests on the so-called Great Dyke in Zimbabwe. This is geologically similar to the Bushveld Complex of South Africa, the world's largest repository of platinum group metals.

The fastest-growing use for platinum is for car anti-pollution catalysts. Mr Vanderspuy suggests that the big consumers, particularly the US car manufacturers, would welcome a second major source apart from South Africa, which at present accounts for 72 per cent of supply.

"The Great Dyke area has the potential to support operations producing up to 600,000 [troy] ounces of platinum a year, with a reserve life in excess of 50 years," says Mr Vanderspuy. "However, development to this size would necessarily be staged over a ten- to 15-year period."

BHP has an option to earn a 67 per cent interest in Delta's Hartley joint venture by completing a feasibility study and committing itself to develop and finance a platinum mine.

RTZ and Anglo American subsidiaries each own 38 per cent of the nearby Mhondoro platinum joint venture, with Delta having the remaining 24 per cent.

Mr Vanderspuy says that, whatever the outcome of the four-sided discussions, the Hartley project will not be delayed. A recently-completed feasibility study shows mining of the Hartley, using conventional, "narrow reef" underground mining methods practised in South Africa, is technically and economically viable.

Metal can be recovered economically, even at today's depressed prices, by conventional processing methods. He claims production costs will be lower than those of every South African producer apart from the new PPRust mine.

Hartley is forecast to cost US$200m, which includes a base-metals refinery and infrastructure to be built by the joint venturers. Construction should begin early next year with full production in mid-1996. The planned initial annual production rate is 150,000 ounces of platinum, 110,000 ounces of palladium, 11,500 ounces of rhodium, 23,000 ounces of gold, 7m lb of copper and 5m lb of nickel.

Hartley would represent less than 3 per cent of present world annual platinum output, so would not depend on unusual demand growth to find markets, Mr Vanderspuy suggests. Hartley alone will increase output to 300,000 ounces a year in stages, at which point a platinum refinery will be built at the mine site. However, if Delta's three partners agreed to pool operations, output would reach 600,000 ounces.

Warm reception for Chile mine deal

David Pilling talks to the successful bidder for the giant El Abra copper project

IT WAS with a feeling of "great joy" that Mr Felipe Anguita, general manager of the Chilean subsidiary of Cyprus Minerals Company, read a fax explaining that his bid for the largest copper mine on sale in the world had been successful.

The fax came from Codelco, Chile's state-owned copper company. It included a list of the nine consortia that had bid for the huge El Abra mine: Mr Anguita's was at the top.

After a lengthy and fierce bidding process, the US-Canadian consortium of Cyprus and Lac Minerals had seen off some of the world's biggest mining concerns. "I was elated at the possibility of developing, alongside Codelco, one of the premier mines of the decade," says Mr Anguita.

Codelco officials were elated too, for the bid had been a generous one. In return for 51 per cent of El Abra, the Cyprus/Lac consortium agreed to pay $404m on signing the contract, expected this December, plus up to a further $151m representing Codelco's equity stake in the joint venture.

In addition, the consortium intends to invest about $1bn in developing El Abra, a sum that is to comprise 30 per cent equity and 70 per cent borrowing. Cyprus/Lac has guaranteed to secure $700m in financing, a package it expects to be complete by early 1995.

The Cyprus/Lac proposal estimates initial production at El Abra, perched high in the Andes in Chile's Atacama desert, of 225,000 tonnes of copper cathodes annually for 20 years – far more than Codelco's original estimate of 120,000 tonnes.

'I was elated at the possibility of developing one of the premier mines of the decade'

"Codelco always said there was upside potential," says Mr Anguita. "Our studies indicate that there are additional oxide reserves, allowing us to develop a project practically double the one originally envisioned."

Production costs are expected to be in the region of 40 to 45 US cents a lb, against a current Codelco average of 69 cents. The oxide reserves – of 0.7 per cent grade – lie close to the surface. This "coupled with the technical advances of the past few years relating to solvent extraction and electrowinning makes for low operating costs," says Mr Anguita.

He strongly denies that the consortium paid too much for the deposit, in spite of Codelco admissions that the Cyprus/Lac bid beat the second-placed offer from BHP Minerals/Magma Copper Company by "an important margin".

"We've been building a strategy from day one to come up with what we felt was the true value of the property. We arrived at our estimate after exhaustive studies," says Mr Anguita. Cyprus, whose existing mines are not all of the highest ore grade, determined not to be outbid.

In August, Cyprus realised the project was too big to handle alone and proposed teaming up with Lac. "Due to the fact that the project had gotten so large and the financial commitments so great, Cyprus looked at the alternative of having a partner."

Lac, better known as a gold producer, was chosen "for its strong technical and financial capabilities". Lac is already well represented in Chile, operating El Indio gold mine and the zinc mine at El Toqui.

After El Abra begins production, due in April 1997, Mr Anguita predicts that output will gradually rise, reaching an annual 320,000-330,000 tonnes of cathodes by the 11th year. It should be able to maintain this for "eight to nine years".

There are plans to exploit El Abra's huge sulphide reserves, also starting from the 11th year of production. Eventually, the mine could be producing about 200,000 tonnes of concentrate (with purity of around 30 per cent), a two-stage expansion that would require further investment of $700m-$800m.

Mr Anguita stresses that development of sulphides would be "contingent upon the economic conditions" and that the consortium's only commitment is to exploit the oxide cap. In the event that non-leachable sulphides are exploited, the consortium will pay Codelco a further 5 per cent royalty on pre-tax profits.

The El Abra deal, the first Codelco joint venture to be concluded under legislation passed last year, is being viewed as a great leap forward for the state-owned company, which has – until now – failed to develop a new mine throughout its 30-year history.

Before the winning bid was announced, Mr Alejandro Foxley, Chile's finance minister, was glowing in his assessment of the joint venture. "Codelco will not have to spend a single dollar or pound on the new venture and yet it will be a partner and carry a right to a share in the profits. That's not a bad proposition," he said.

The success of the El Abra negotiations is likely to put further pressure on legislators to change the rules regarding Radomiro Tomic, another world class Codelco mine which, because it is considered a "replacement" deposit, is excluded from joint venture status. The project is currently postponed owing to finance ministry reluctance to release development funds.

"The El Abra result sheds new light on Radomiro Tomic," says Mr Jorge Bande, Codelco's vice-president for development. "It really makes one think that it might be more convenient to take on other projects under this [joint venture] scheme."

None of this debate is of immediate interest to Mr Anguita, who is already wrapped up in detailed joint venture discussions with Codelco. Cyprus, although a 50-50 partner with Lac, is responsible for day-to-day negotiations and will play a lead role in operating El Abra.

Construction of mine infrastructure is due to start as early as January 1995, but all that seems a long way off. "I feel like I'm in the middle of a hurricane," says Mr Anguita. "It's going to be a pretty busy few months."

New Zealand forests threatened with gypsy moth bombardment

By Terry Hall in Wellington

A MAJOR hunt is under way for the feared Asian gypsy moth in New Zealand amid fears that it could devastate the country's native and exotic forests, one of the country's biggest export earners.

The search follows the discovery of clusters of moth eggs on a ship from China and the Russian Far East.

The Forestry Ministry says that the moth would devastate New Zealand's forests, exports of which earn the country NZ$2.3bn a year and are forecast to grow rapidly with vast areas of farmland being planted with *pinus radiata* at present.

The gypsy moth has already appeared the US and Canada, forcing the authorities to undertake costly measures eradication measures; such as aerial spraying of forests. Vancouver city was recently sprayed at the cost of NZ$8m.

The ship was not allowed to berth in New Zealand and sent back fully laden to Asia. This is the latest in a series of vessels found to be carrying the moths' eggs.

Forestry Ministry official Mr John Handiside believes that the moths may have already established themselves in New Zealand, as until recently quarantine officials, in the belief the larvae died in the tropical heat on the way from Russia to New Zealand, had not searched for the moth larvae. New information from North America had shattered that belief.

Mr Handiside said that the real problem was the moth's caterpillar stage. "The moths can build up biblical storms of millions and devastate forests of their leaves," he said, adding that merely their presence in New Zealand would pose a threat to timber exports as other countries would be unwilling to risk importing infected timber.

Russia offers shares in big oil producer

By Gillian Tett in Moscow

ONE OF Russia's largest oil companies is to be partially sold off in one of the largest privatisations to date in the Russian energy sector, it emerged yesterday.

Yuganskneftegaz, an oil production company, which manages fields in Western Siberia and claims to be one of the largest oil companies in the world, will sell about 12 per cent of its shares in auctions, scheduled to start on October 25.

In keeping with Russia's privatisation schemes, the shares will be not be sold for cash, but privatisation vouchers.

Since foreigners are legally permitted to deal in these vouchers, however, the sale marks one of the first opportunities for foreign investors to buy shares in a Russian oil company in a privatisation drive that started when another Russian oil company, Komineft, was partially privatised three months ago.

But although the privatisation is seen as a step towards badly needed reform of Russia's energy sector, western oil groups yesterday expressed doubts that there would be many foreign buyers yet.

"I think it's premature to be talking about buying shares in a Russian oil company at the moment. Most Western [oil] companies here are trying to do joint deals," commented one western oil executive in Moscow.

Like most of Russia's troubled oil sector, Yuganskneftegaz has seen its output fall dramatically in the past two years, by 60 per cent to some 31.6m tonnes, according to Mr Pavel Fyodorov, deputy director.

However, the the company signed a joint venture deal three weeks ago with Amoco, the American oil company, to develop the Priobskoye oil field, which contains up to 5bn barrels of recoverable oil, according to executives at Amoco's headquarters in Houston. The limited quantity of shares on offer reflects, however, the lingering political opposition in Russia to the privatisation of large enterprises, particularly in key sectors like oil.

The Russian government plans to retain around a third of the shares in the company, while the rest of the shares will be sold to workers, managers and local residents.

Mobil returns to Vietnam

By Iain Simpson in Ho Chi Minh City

HISTORY TURNED full circle in Ho Chi Minh City on Thursday when Mobil Oil executives arrived to take part in a trade show in the city. They were greeted with open arms by Vietnamese officials who believe that after an absence of nearly two decades, their arrival shows Mobil's eagerness to get back into Vietnam.

The last time Mobil executives were in this city, it was called Saigon and it was the capital of South Vietnam. That was in January 1975, when Mobil became the first company to find oil off the coast. Three months later, however, North Vietnamese tanks rolled into Saigon and Mobil got out.

After the war Vietnam set up a joint venture with the Soviet Union to exploit the oil that Mobil had discovered and Soviet technology has been pumping out Vietnamese oil ever since.

Now, a team from Mobil is back in Vietnam, led by regional Vice President Mr Bob Aberbach. This week they are exhibiting the company's wares at PetroVietnam 93 and Mobil has already bid for a production-sharing contract on the Dragon field, which will soon be awarded by the state oil and gas corporation.

The US trade embargo against Vietnam still prevents American companies from doing most kinds of business in the country, but under the recently relaxed rules of the embargo, American oil companies can go a long way towards exploring potential fields.

"We can sign production-sharing contracts, carry out exploration drilling and appraisal drilling, which is the first stage in any production-sharing programme," Mr Aberbach said. He added that this process could take anything from two to five years.

Mobil hopes its past ties with Vietnam will give the company an edge in trying to secure part of the Dragon field and Mr Aberbach admits Mobil has a historical soft spot for Vietnam.

Many of his colleagues from other companies believe, however, that the potential for oil production in Vietnam has been greatly exaggerated.

They say that unless more evidence emerges soon of major reserves, it is unlikely that Vietnam will ever fulfil its much-hyped promise. One executive even suggested that Vietnamese officials might have falsified some of the evidence they produced to inflate the apparent potential of the country's fields.

Norwegian production predicted to surge in 1994

By Karen Fossli in Oslo

NORWAY'S CRUDE oil production is expected to surge by 11 per cent in 1994 to a daily average output of 2.4m barrels, compared with a projected 3 per cent rise in 1993 to 2.2m barrels a day, according to industry and energy ministry forecasts in the 1994 budget, which was unveiled this week.

The state's direct share of production is forecast to increase to about 750,000 b/d from 660,000 b/d in 1993.

Gas sales, according to the ministry, will rise by some 2bn cubic metres to 28bn cu m in 1994.

The rise in crude oil production will be derived principally from new five fields coming on stream, including Sleipner East, Gullfaks West, Tordis and Statfjord East and North satellites. In addition, production from the Draugen, Brage and Snorre fields will rise following their first full year of production.

The ministry said that it expected the value of oil and gas exports in 1994 to expand to NKr114bn (£10,65bn), based on an oil price of NKr120 a barrel, from NKr105bn this year. It based the oil price on an exchange rate of NKr7.10 to the US dollar and a world oil price of US$17 a barrel – within a few cents of the current price on the European spot market – officials disclosed.

Norway never officially reveals the dollar exchange rate on which it bases its domestic currency price per barrel of oil.

Investments in petroleum activity will be reduced next year to an estimated NKr58bn from NKr62bn in 1993, including exploration costs. Of the total investment, the state will spend about Nkr24.8bn in 1994, mostly unchanged from 1993.

In 1993 the Norwegian state ran a deficit of NKr2.9bn on its direct involvement in petroleum activities as investments exceeded income. But it forecast that these activities would yield a positive cash flow of NKr350m in 1994.

The country's total income from the petroleum sector was likely to rise to about NKr26.2bn in 1994 from NKr25.1bn this year, the ministry estimated.

Statoil, the Norwegian state oil company, will see its dividend payment to the state fall in 1994 to NKr900m from NKr1.2bn this year.

WORLD COMMODITIES PRICES

MARKET REPORT

The London COFFEE changed direction in the afternoon, heading higher as news began to filter through Brazil was putting the finishing touches to its retention arrangements. The January quotation closed at $1,192 a tonne, up $15 on the day. The president of the Federation of Brazilian Coffee Exporters later said Brazil would start buying coffee next week, pushing New York prices even higher, but that was after London's close. COCOA prices headed lower as the market seemed to lose heart and braced itself for another move back towards the £900-a-tonne support area for the March 1994 futures contract. The price dipped to £930 a tonne before closing at £935, down £10 on the day. At the London Metal Exchange aluminium prices were firmer on producer support and short-covering purchases. The three months position closed at $1,128.25 a tonne, up $10.50. ZINC prices edged back following Wednesday's strong advance as the market continued to await confirmation or rumoured European production cuts. The GOLD and SILVER markets were weaker after Wednesday's jumps, but PLATINUM was up again.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Nov)		+ or -
Dubai	$14.98-5.12z	-0.18
Brent Blend (dated)	$16.73-6.78	-0.285
Brent Blend (Nov)	$16.93-6.98	-0.285
W.T.I (1 pm est)	$18.47-8.50z	-0.185
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$193-195	-0.5
Gas Oil	$179-180	-2
Heavy Fuel Oil	$62-63	
Naphtha	$159-161	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$365.00	-1.75
Silver (per troy oz)♣	440.50c	-1.00
Platinum (per troy oz)	$371.5	+1.4
Palladium (per troy oz)	$134.0	+1.0
Copper (US Producer)	86.0c	+0.5
Lead (US Producer)	34.63c	
Tin (Kuala Lumpur market)	11.90m	+0.25
Tin (New York)	218.0c	+4.5
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	117.54p	-0.47*
Sheep (live weight)†♣	78.75p	-0.54*
Pigs (live weight)†	64.10p	-0.84*
London daily sugar (raw)	$266.9	-3.0
London daily sugar (white)	$290.5	
Tate and Lyle export price	$288.5	+0.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£120	
Wheat (US Dark Northern)	£166.5	
Rubber (Nov)♥	59.25p	-0.25
Rubber (Dec)♥	59.50p	-0.25
Rubber (KL RSS No 1 Jul)	203.0m	
Coconut oil (Philippines)§	$422.5v	+2.5
Palm Oil (Malaysian)§	$337.5u	-7.5
Copra (Philippines)§	$270.0	
Soyabeans (US)	£162.5	-2.0
Cotton "A" Index	54.70c	-0.85
Wooltops (64s Super)	323p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Nov v-Dec/Jan u-Dec t-Sep/Oct x-Dec ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♣Sheep prices are now live weight prices * change from a week ago, provisional prices.

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low	
Dec	17.21	17.36	17.34	17.16
Jan	17.40	17.53	17.48	17.33
Feb	17.47	17.64	17.58	17.47
Mar	17.55	17.78	17.67	17.55
Apr	17.73	17.82	17.75	17.63
IPE Index	17.23	17.34		

Turnover 34545 (35550)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low	
Nov	172.50	173.75	173.50	171.75
Dec	172.75	174.25	173.50	172.25
Jan	172.25	173.25	173.00	171.75
Feb	171.25	172.50	172.00	170.75
Mar	170.00	171.00	170.00	169.75
Apr	168.50	169.00	168.50	168.00
May	167.00		167.50	166.75
Jun	166.00	166.75	166.25	165.75
Jul	167.50	167.50	167.00	

Turnover 11821 (11494) lots of 100 tonnes

SUGAR – LCE ($ per tonne)

White	Close	Previous	High/Low	
Dec	280.60	280.60	283.20	280.00
Mar	280.70	281.60	283.70	280.50
May	282.60	284.00	285.60	282.60
Aug	286.40	288.20	289.00	

Turnover 1932 (993) Paris- White (FFr per tonne): Dec 1605.63 Mar 1625.45

FRUIT & VEGETABLES

The good variety of grapes available at the moment make them this week's best fruit buy, reports the FFVIB. Greek Thompson seedless grapes are £1.00-2.00 a lb (£1.00-2.00), Italian White seedless grapes are 45p-£1.00 a lb (45p-£1.00), and Spanish pomegranates are also good value at 15-25p each (15-25p.) Root Vegetables are good value with English parsnips at 25-45p a lb (25-45p) and Dutch onions remaining good value at 15-25p a lb (15-25p). Best salad buys include : English Celery 30-60p per head (30-60p), English and Spanish cucumbers 40-70p each (45-60p) and English salad cress at 15-20p a punnet (15-20p).

WHITE RAW SUGAR – LCE (cents/lbs)

	Close	Previous	High/Low
Mar	10.75	10.82	10.82
Jul	11.25	10.25	11.25
Oct	11.06	11.12	11.10

Turnover 60 (97) lots of 50 tonnes.

COCOA – LCE (£/tonne)

	Close	Previous	High/Low	
Dec	905	910	917	899
Mar	936	945	949	930
May	944	951	957	938
Jul	947	963	958	940
Sep	953	957	961	945
Dec	939	943	947	931
Mar	940	944	951	935
May	943	944	948	940
Sep	948		948	

Turnover: 8570 (9142) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Oct 13 908.23 (903.86) 10 day average for Oct 14 913.17 (913.61)

COFFEE – LCE ($/tonne)

	Close	Previous	High/Low	
Nov	1176	1168	1179	1164
Jan	1192	1177	1195	1175
Mar	1177	1167	1183	1164
May	1176	1163	1178	1161
Jul	1169	1154	1175	1176
Sep	1179		1158	

Turnover: 1721 (2111) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Oct 13 Comp. daily 66.52 (68.33) 15 day average 68.17 (68.50)

POTATOES – LCE (£/tonne)

	Close	Previous	High/Low	
Apr	92.3	94.2	94.5	92.0
May	108.0	108.7	108.0	107.0

Turnover 158 (543) lots of 20 tonnes.

FREIGHT – LCE ($10/index point)

	Close	Previous	High/Low	
Oct	1397	1403	1405	1395
Nov	1424	1424	1428	1424
Dec	1418	1423	1420	1418
Jan	1419	1423	1420	1415
Apr	1428		1440	1428
Jul	1240		1240	
BFI	1387	1388	1387	

Turnover 108 (101)

GRAINS – LCE (£/tonne)

Wheat	Close	Previous	High/Low	
Nov	99.60	99.25	99.60	99.15
Jan	101.00	100.70	101.00	100.70
Mar	103.00	102.65	103.10	102.60
May	104.90	104.65	105.15	104.50
Barley	**Close**	**Previous**	**High/Low**	
Nov	101.95	101.70	102.00	101.95
Jan	103.95	103.80	103.95	103.80
Mar	105.90	105.70	105.90	
May	107.60	107.25	107.60	

Turnover: Wheat 510 (682) Barley 46 (63)

Turnover lots of 100 Tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 42,259 lots	
Cash	1108.5-9.0	1097-8		1103-4		
3 months	1128-8.5	1117.5-8.0	1132/1121	1121.5-2.0	1131.5-2.0	238,047
Copper, Grade A ($ per tonne)					Total daily turnover 39,946 lots	
Cash	1679-80	1675-80	1684/1683	1683-4		
3 months	1702-2.5	1703-4	1724/1701	1705-6	1707-8	172,491
Lead ($ per tonne)					Total daily turnover 4,577 lots	
Cash	396-8	400.5-1.5		395-6.5		
3 months	410-11	414-5	414/407	409.5-10.0	408-9	23,221
Nickel ($ per tonne)					Total daily turnover 10,462 lots	
Cash	4545-55	4480-90		4545-50		
3 months	4600-5	4530-40	4635/4540	4600-5	4585-4590	48,080
Tin ($ per tonne)					Total daily turnover 2,516 lots	
Cash	4690-700	4675-80	4702	4702-5		
3 months	4740-5	4720-30	4850/4680	4745-50	4715-25	11,859
Zinc, Special High Grade ($ per tonne)					Total daily turnover 32,031 lots	
Cash	949.5-50.5	952.5-3.5		953-4		
3 months	965-6	968-9	972/955	969.5-70.0	968.5-9.0	84,493

LME Closing £/$ rate: SPOT: 1.5133 3 months: 1.5044 6 months: 1.4984 9 months: 1.4901

LME AM Official £/$ spot rate 1.5290

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	364.75-365.25	
Opening	365.20-365.60	
Morning fix	365.90	239.416
Afternoon fix	367.25	241.930
Day's high	366.00-366.50	
Day's low	364.25-364.75	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.76	6 months	[illegible]
2 months	2.72	12 months	2.86
3 months	2.69		

Silver fix	p/troy oz	US cts equiv
Spot	290.05	443.35
3 months	293.90	446.50
6 months	297.60	450.20
12 months	305.40	457.95

GOLD COINS

	$ price	£ equivalent
Krugerrand	366.00-369.00	239.00-242.00
Maple leaf	375.75-378.05	-
New Sovereign	88.00-89.00	56.00-59.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Feb	Nov	Feb
1100	35	60	8	15
1125	20	44	19	24
1150	10	31	34	36
Copper (Grade A)	**Calls**		**Puts**	
1650	59	93	20	35
1700	31	65	42	58
1750	14	43	75	83
Coffee LCE	**Nov**	**Jan**	**Nov**	**Jan**
1100	81	122	5	30
1150	43	90	17	46
1200	19	65	43	73
Cocoa LCE	**Dec**	**Mar**	**Dec**	**Mar**
825	88	132	8	22
850	68	113	13	28
875	51	97	21	37
Brent Crude	**Nov**	**Dec**	**Nov**	**Dec**
1650	72	67	-	10
1700	36	-	3	21
1750	3	22	-	42

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Oct	365.5	366.2	365.5	365.5
Nov	365.7	366.7	0	0
Dec	366.6	367.6	370.6	365.5
Feb	368.4	369.3	371.2	367.5
Apr	370.2	371.1	372.8	369.5
Jun	371.9	372.8	372.8	371.8
Aug	373.7	374.6	376.0	376.0
Oct	375.5	376.4	0	0
Dec	377.3	378.2	379.0	376.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	368.5	369.7	374.0	370.0
Nov	363.0	363.0	0	0
Jan	371.0	371.5	376.5	369.1
Apr	372.8	373.3	377.5	372.0
Jul	373.8	374.3	0	0
Oct	375.3	375.8	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Oct	433.0	441.3	445.0	445.0
Nov	434.6	443.1	0	0
Dec	434.8	443.3	452.0	432.5
Jan	436.0	444.5	0	0
Mar	439.1	447.6	454.5	437.0
May	442.0	450.8	456.0	442.0
Jul	444.9	453.5	452.5	443.5
Sep	447.7	456.3	453.0	447.0
Dec	452.1	460.8	468.5	452.0
Jan	453.3	462.0	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	74.75	76.25	74.80	74.75
Nov	75.05	76.50	0	0
Dec	75.40	76.90	76.50	75.10
Jan	75.65	77.15	0	0
Feb	75.90	77.40	0	0
Mar	76.20	77.65	77.35	76.00
Apr	76.45	77.90	0	0
May	76.75	78.15	77.90	76.75
Jun	77.00	78.40	0	0
Jul	77.30	78.65	78.00	77.90

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Nov	18.48	18.64	18.64	18.41
Dec	18.61	18.80	18.79	18.56
Jan	18.70	18.89	18.89	18.68
Feb	18.82	18.98	18.88	18.75
Mar	18.83	19.08	18.95	18.80
Apr	18.98	19.09	19.01	18.95
May	19.08	19.14	19.08	18.94
Jun	19.07	19.19	19.10	19.00
Jul	19.10	19.23	19.11	19.06
Aug	19.20	19.27	19.20	19.12

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Nov	55.45	55.67	55.85	55.15
Dec	56.35	56.56	56.60	56.00
Jan	56.70	57.01	57.00	56.50
Feb	56.65	56.96	56.90	56.50
Mar	55.70	56.01	55.85	55.56
Apr	54.60	54.81	54.60	54.45
May	53.55	53.78	53.70	53.50
Jun	53.25	53.21	53.30	53.30
Jul	53.33	53.20	0	0
Aug	53.65	53.66	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1120	1137	1139	1118
Mar	1159	1175	1178	1158
May	1176	1191	1190	1175
Jul	1196	1210	1206	1196
Sep	1212	1226	1220	1212
Dec	1226	1240	1225	1225
Mar	1237	1251	0	0
May	1251	1265	0	0
Jul	1265	1279	0	0
Sep	1284	1298	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	74.70	73.05	75.30	72.90
Mar	77.20	75.65	77.85	75.40
May	78.70	76.70	78.10	76.95
Jul	80.00	78.30	80.00	80.00
Sep	81.25	79.50	80.20	80.20
Dec	83.55	81.80	0	0
Mar	86.00	84.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	10.54	10.62	10.62	10.54
May	10.69	10.76	10.90	10.68
Jul	10.75	10.82	10.85	10.75
Oct	10.75	10.85	10.97	10.75

COTTON 50,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	57.87	58.27	58.15	57.71
Mar	59.37	59.87	58.75	59.30
May	60.10	60.75	60.50	60.08
Jul	60.75	61.30	61.10	60.72
Oct	61.27	61.37	61.35	61.35
Dec	61.07	61.60	61.50	61.06
Mar	62.05	62.35	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	117.50	118.05	118.45	115.55
Jan	120.95	125.95	120.95	120.95
Mar	122.70	127.70	123.20	122.70
May	123.70	128.70	123.70	123.70
Jul	124.70	129.70	124.70	124.70
Sep	125.00	130.00	0	0
Nov	123.25	128.25	0	0
Jan	123.25	128.25	0	0
Mar	123.25	128.25	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Oct 14	Oct 13	mnth ago	yr ago
1576.5	1583.6	1638.4	1611.9

DOW JONES (Base: Dec. 31 1974 = 100)

	Oct 13	Oct 12	mnth ago	yr ago
Spot	118.67	118.77	121.72	114.59
Futures	128.14	127.94	125.63	115.09

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	615/4	612/4	619/4	610/0
Jan	622/0	619/0	626/0	617/0
Mar	626/4	626/4	631/6	624/0
May	632/4	630/2	635/0	628/2
Jul	636/0	634/2	0	0
Aug	636/0	634/0	637/0	632/0
Sep	624/4	625/0	627/0	624/0
Nov	617/0	617/0	619/0	615/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Oct	22.46	22.21	22.53	22.25
Dec	22.61	22.47	22.75	22.44
Jan	22.71	22.60	0	0
Mar	22.92	22.81	0	0
May	23.02	22.86	23.15	22.88
Jul	23.06	22.90	23.18	22.93
Aug	22.95	22.78	23.10	22.95
Sep	22.82	22.70	23.00	22.80

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Oct	193.2	192.2	193.7	191.7
Dec	192.0	191.2	193.0	190.4
Jan	192.0	191.9	193.5	191.0
Mar	193.1	193.1	194.2	192.2
May	194.3	194.0	195.4	193.2
Jul	195.9	195.8	197.0	195.5
Aug	195.8	195.8	197.0	195.5
Sep	195.3	195.5	197.0	195.3

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	249/0	249/2	0	0
Mar	257/0	257/0	258/2	255/2
May	261/4	261/4	262/4	259/4
Jul	263/6	263/6	0	0
Sep	257/0	257/4	259/0	256/0
Dec	251/0	251/0	251/6	250/2
Mar	257/4	257/4	0	0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	324/2	325/0	330/0	322/4
Mar	326/0	327/2	330/0	325/2
May	319/4	321/6	323/0	317/4
Jul	308/2	310/6	312/0	306/0
Sep	313/0	315/2	314/4	313/0
Dec	324/0	324/6	324/4	322/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	72.075	71.100	72.150	71.175
Dec	74.075	73.825	74.100	73.625
Feb	74.700	74.450	74.750	74.250
Apr	75.800	75.700	75.875	75.650
Jun	72.750	72.950	73.050	72.700
Aug	71.225	71.200	71.400	71.200
Oct	71.750	72.000	71.900	71.750

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	48.975	48.525	49.250	48.600
Dec	50.025	50.375	50.250	49.675
Feb	49.975	50.250	50.250	49.750
Apr	47.800	48.325	48.250	47.750
Jun	52.050	52.550	52.525	51.700
Jul	51.000	51.525	51.450	50.850
Aug	49.425	49.800	49.800	49.100
Oct	45.325	45.800	0	45.250

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	57.725	57.875	0	0
Mar	57.600	57.700	58.450	57.450
May	57.500	57.500	58.450	57.500
Jul	56.900	56.400	56.900	57.800
Aug	56.675	56.600	56.575	56.200

Norwegian
production
predicted
to surge
in 1994

Hotel high flyers gain English accent

Why women have reason to thank this man

PAGE III

Recreating Edwardian style

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Booking a room with atmosphere

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Velvet maritime nights

PAGE IV

Radisson Hotels International is undergoing a period of explosive growth, and the group is seeking new partners overseas as a global expansion programme takes it far beyond its US base. Fast-growing Radisson Hotels International sees London as the key to extensive developments worldwide.

A new brand, Radisson Edwardian Hotels, has been created from an alliance between Radisson Hotels International and Edwardian Hotels of London for the acquisition, management and franchising of hotels in the UK and beyond, Julia Bright reports.

A partnership in which everyone is a winner

RADISSON INTERNATIONAL HOTELS, one of the world's top ten hotel companies and part of the $9.9 billion systemwide revenue Carlson Companies Inc., is focussed on international expansion and the tie-up gives it strategic strength in London, Europe's foremost capital city.

Edwardian Hotels comprises nine hotels, all in the 4-star or 5-star category. Through the new corporate identity and joint marketing efforts, its global market penetration will be greatly strengthened.

Two years ago Radisson and Edwardian announced a joint marketing initiative. Today's announcement consolidates that relationship and takes it a stage further in what is a unique deal comprising four elements. They are, to rename Edwardian as Radisson Edwardian hotels and market a joint corporate identity, develop in partnership, management contracts in the UK and Ireland, to install the sophisticated Pierre 2000 reservation system (considered to be the best in the industry) in the Edwardian central reservation centre and to jointly fund personnel and offices in parts of the world targeted as major sources of business. These include the Far East and Eastern Europe. Both hotel groups feel the synergy is perfect – they have a similar vision and approach to running hotels. "We are looking for partners with the highest reputation for service and quality and we found it in Edwardian. Their hotels are also designed in a residential style which is similar to ours," says Juergen Bartels, President and Chief Executive Officer of Carlson Hospitality Group Inc, the parent company of Radisson Hotels International.

He adds that the timing was perfect because when he initially approached Edwardian, the company was searching for the right international partner.

$2m joint investment

The joint investment from January 1992 to January 1994 is US $2 million and, according to Edwardian Hotels chairman Jasminder Singh, will be substantial in the future. He stresses that neither company has an equity interest in the other and that will remain the case. Radisson Edwardian has developed a strategy that allows each company to concentrate on their respective strengths. "This is where Radisson is different from others we talked to – they understand the commercial perspective for Edwardian," says sales and marketing director, Nick Smart.

"Having established, in recent years, our own international sales, marketing and reservations operation we realised what qualities we were looking for in an international partner. We had a choice and of all the people we spoke to we felt very good about the technology and people which Radisson had at their disposal. There was a meeting of minds and culture and a belief in Juergen Bartels' ability to deliver what he promised".

'Radisson is different from others we talked to'

Radisson has developed a tremendous synergy with the travel agent community, (which has given them a valuable insight into their needs as well as the needs of their clients). At the heart of their commitment to the travel agents is the Pierre 2000 reservation system.

It is this industry leading technology which has allowed Radisson to introduce 'Seamless Service' (a shopping facility that permits agents to view virtually all of Radisson's inventory and published rates). It is also behind the introduction of the instant on line travel agent frequent user programme called "Look to Book" and a host of other features all designed to improve the service travel agents experience from Radisson and of course their profitability!

It is a sign of the trust developed between the two organizations that Radisson want to install their technology in Edwardian's UK reservation centre and for us to handle all UK reservations for the Radisson system worldwide. "We look forward to offering our customers a far more efficient, quicker and comprehensive service via the Pierre 2000 system, says Mr Smart.

And Radisson Edwardian Hotels managing director, David Batts, points out the motivating effect of the new partnership on staff who feel that whilst they are still working for an individual, independent company they are at the same time benefiting from the muscle of a powerful international group. Chairman Jasminder Singh believes that the consumer will be better off, his staff more confident and effective and that yields should improve.

Radisson gets a strategic presence in the UK with a company which will now grow more quickly and positively and Edwardian a strong partner of international dimensions. The belief is that through the marketing effort in promoting the Radisson Edwardian brand, the UK group will achieve a higher profile. Edwardian has marketing power in the UK and Radisson is powerful in the rest of the world. "We work on things for them and they for us," says Bartels. "Everyone wins," agrees Jasminder Singh. "But this deal has come about," he adds, "not because both parties had to do it, but because both wanted to do it."

Clockwise: David Batts, Managing Director REH, Nick Smart, Sales and Marketing Director REH, Mike Prager, Vice President Europe Sales and Marketing RHI, Jack Geddes, Director of Sales Europe RHI and Tom Storey Executive Vice-President, Sales and Marketing RHI.

"If a business traveller checks in late, we will have a late-night snack waiting"

BUSINESS CLASS, a new marketing initiative from Radisson Hotels International, will meet the needs of the business traveller on the ground in much the same way as the airline industry seeks to do with business class seating and service in the air.

"Business Class value-added guest rooms will offer the services most requested by frequent business travellers," says Thomas W. Storey, who is Executive Vice-President of sales and marketing of Radisson Hotels International.

Market research by the US-based travel industry research specialist Yankelovich Travel Monitor, shows that more than half of all frequent business travellers are interested in inclusive, added-value hospitality products.

Added-value, in Business Class terms, will include a room with king-size bed, as well as coffeemaker, videos, complimentary breakfast and daily newspaper, business services such as computer/laptop hookup, no telephone access charges and the immediate delivery of fax messages.

"If a business traveller checks in late, we will have a late-night snack waiting for him or her," adds Mr Storey.

Radisson's Business Class initiative is being test marketed early next year in key business markets which, will include Radisson's home town, Minneapolis, as well as London, New York and Washington. Storey explains that the Business Class service will be fine-tuned to deliver exactly the balance of the value-for-money and convenience that frequent business travellers want – and that travel agents and corporate travel planners seek to provide.

Adding Value

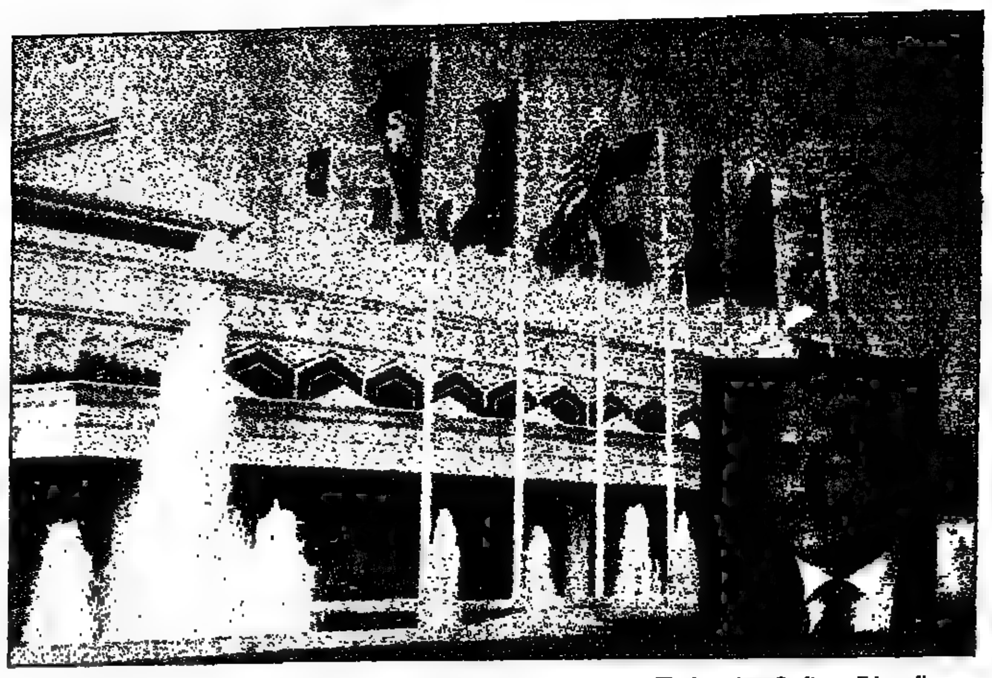
"We want travel and agents and corporate travel planners to continue feeling confident that Radisson always keeps the interests of the business traveller in mind," Storey says.

"For one thing, Business Class service in a Radisson hotel room keeps down travel and entertainment costs."

Radisson, Storey adds, expects about 3,300 Business class rooms to be booked in the first full year of operation; and in the meantime the trial results will be carefully monitored before the service is extended to Radisson hotels in other world business capitals.

A man of (sometimes quite audacious) action...

Ross Davies finds the chairman of Edwardian Hotels quietly relishing the prospect of a foray into hotel management and franchising in the UK and overseas.



Inset: Jasminder Singh, Chairman Radisson Edwardian Hotels. Main picture: The luxurious Radisson Edwardian at Heathrow.

"I'VE ALWAYS avoided publicity," says Jasminder Singh. "It's partly cultural, partly my belief that as the chairman of a private company, you're doing what you're doing for yourself and your colleagues – and you're working for private victories, not public ones."

At 42, Mr Singh is chairman and controlling shareholder in Edwardian Hotels, the company which he founded and which within ten years has become London's largest privately-owned hotel owner.

Radisson Edwardian has nine four and five star hotels, eight in central London and one, The Radisson Edwardian, at London's Heathrow Airport. Between them, they have nearly 1,900 rooms. Now, Mr Singh believes, he and Edwardian are on the brink of another victory – both public and private.

Edwardian is poised to expand from its strong London base, moving into management contracts and franchising via the linkup with the US-owned Radisson Hotels International. As ever, Mr Singh is doing things his way. Radisson is taking no equity in the leisurely-seeming, opulent Edwardian country house ambience that Mr Singh has chosen as Edwardian Hotels' trademark. It is an ambience that the globally-minded Radisson thinks is widely-marketable around the world.

"My senior directors and I," says Singh," are obsessed with total quality management. And it is that obsession which attracted Radisson to the Edwardian brand."

"We at Edwardian have an understanding with Radisson that we come up with a Radisson Edwardian brand, and Radisson will treat it as a product with which we can take on management contracts and franchise agreements, first in the UK and then wherever Radisson Edwardian wants to be."

Singh says he's already receiving approaches from hoteliers who would like to discuss Radisson Edwardian management or franchise deals, but with his habitual and disarming frankness, adds "The market is still extremely weak at the moment, so there's a lot of talk and very little action."

Action, carefully-considered and sometimes quite audacious action, is what Jasminder Singh likes most. He will talk at great length with his managers, but although a lively, articulate and approachable man, he doesn't seek out personal publicity. "I want the company in the papers, not me," he says.

Singh argues that he is no workaholic ("just an extra hour at the beginning of the day, and another at the end of it is all you should need") work is a hobby and – especially with a recession on – he has yet to find time for country pursuits.

Jasminder Singh came to London when he was 19 from Kenya, where his father was a restaurateur in Kisumu. The younger Singh trained as an accountant with the City firm of Hacker Young, one of whose senior partners, the late Stuart Young, became chairman of the BBC between 1983 and 1986.

The accountant who brought the country to the city

Auditing work gave Singh an insight into a wide selection of British companies, and one thing he saw he didn't like at all. "So many people I met as an auditor gave me the impression they felt they were just helpless nameless cogs in an anonymous organisation," he says. "There was no 'family feel'."

Jasminder Singh is a living exception to the view sometimes expressed by business people that accountants never create anything. He wanted to go into business – yes to make money but mainly to create a company that treats employees as members of a family. But which business? Here, 'family feel' suggested one, hotels.

Twenty years ago, an uncle scarcely older than himself, was establishing a hotel business in London as the capital's tourist boom got underway. Jasminder Singh had no great family fortune behind him, but what he could scrape together, he invested in the business.

Next, the young accountant began to learn how to borrow the money to buy a rundown hotel, upgrade and manage it well enough to service the loan and raise new money to buy and develop the next.

Indeed, Singh has taken a number of calculated risks. Few hoteliers, let alone money men, would have the vision to transform an archaic, oddly-positioned Dental Hospital in London's glittering Leicester Square into a classically stylish retreat, subsequently voted 'Best British Hotel'.

"Jasminder certainly gets his teeth into a project" quips managing director, David Batts. "Seriously, he has the foresight and together we as a team make it happen."

This unity may have something to do with the motto displayed on Jasminder Singh's desk "Be Reasonable – Do It My Way." The corporate resolve may have something to do with the second motto on the desk "It CAN Be Done."

Backed by Barclays, Hong Kong and Shanghai Bank and Hill Samuel, Edwardian is now a preferred marketing partner – among others – of British Airways, Hertz and American Express Credit Cards. Edwardian, he says, is within sight of the target of 70,000 extra bednights this year to be generated by existing marketing links with Radisson.

Singh continues his policy of carefully-calculated but sometimes audacious action. He does so asserting that his prime resource is human, rather than financial. The key resource, he says, is Radisson Edwardian Hotels' 1,500 employees. He came into business not just to make money, he continues, but to do things differently, with more regard to employees as individuals rather than units, than he had seen them done in his accounting days.

"My philosophy? I've just had a meeting with my senior executives about the level of 'family feel' in the company, and they tell me that, despite the recession, despite the economies which any prudent company must make, morale is surprisingly high."

Singh believes in everybody, however high, however low, working towards a clearly – explained and coherent plan which, once agreed, leaves room for discussion only as to the "how" rather than the "why." Within that plan, one part of which is the promulgation of the Radisson Edwardian brand of country-house ambience for the price-conscious, he wants every employee to feel that he or she can make a difference.

"family feel"

First, says Singh, you have to be looking at the right map and then you get your team to buy into and feel good about the plan. Then, if the product, the price and the service are right, the customers feel good and keep coming back. "I talk to my senior executives regularly, daily if I can, and I expect them to do the same with people down the line: I keep emphasizing that teamwork is very important to me – that's 'family feel', for what is a family but the ultimate team?

Radisson Edwardian moves Centre Stage

In winter when you want to see a show, hotel location is all important. London taxis seem to be water-soluble on a rainy night.

LOCATION, buying power and an eye for the weather help Edwardian Hotels make theatre going a pleasure, writes Sally Varlow.

Book a theatre-break in London through one of a dozen tour companies, travel clubs or magazines and the chances are it's a Radisson Edwardian Hotels' product – though you might not know it till you reach the hotel.

Radisson Edwardian dominates the market for accommodation-inclusive trips to London's performing arts. Through its package-operating business, Centre Stage, it sells some £5 million-worth a year to around 40,000 visitors.

But much of the business is wholesale and Centre Stage, despite its brand name is often content to stay out of the limelight.

Working behind the scenes it provides hotels and seats at London's top shows for major companies in Britain, like Superbreak or Golden Rail. It puts together tailor-made trips for family celebrations or readers' offers, company incentives and corporate entertainment. Their international market for London theatre breaks is serviced in co-operation with a host of airline partners including British Airways and Delta.

Radisson Edwardian and Centre Stage are the names behind several of the biggest international theatre programmes in the world, says Ray Jones the group's sales director for leisure products.

Radisson Edwardian and Centre Stage's other strong suit is value for money and access to quality seats.

By negotiating direct with leading management companies, such as Cameron Mackintosh and Harvey Goldsmith, Ray Jones can offer excellent seats at the biggest shows and events (from Pavarotti at Leeds Castle to Carousel at the Shaftesbury) and package them with hotels, meals and transport for considerable savings on published prices.

"Now organisers are coming to us to help market their events," Ray Jones says, "and we're looking to expand our leisure product range – packaging major exhibitions with accommodation, travel and other benefits."

Before next year's Smithfield show, 50,000 farmers will find a special offer landing on their doormats: visit Smithfield, travel by train, stay with Edwardian, all at a package price, and see a show or dine for free.

Leisure travel is a growing sector. Centre Stage are ideally positioned to tap that market for Radisson Edwardian Hotels.

London's Favourite Partner

BRITISH AIRWAYS, in what is claimed as the world's biggest sales drive, is regenerating the business travel market with the British Airways Dream Ticket Promotion (writes Mark Higher).

Travellers flying BA and staying at Radisson Edwardian hotels in London will benefit from a wide range of special accommodation and offers.

When BA recently decided to cut down from 25 to five the number of partner hotel chains around the world, the airline added just one more – Edwardian Hotels in London.

Now, with creation of the Radisson Edwardian brand of country house – style hotels, the partnership with BA will continue in London. Says Nick Smart, sales and marketing director of Radisson Edwardian "under the working partnership with British Airways, a business traveller benefits from early check – in, late check-out, upgraded hotel rooms – and guaranteed reservations if you arrive behind schedule."

Other benefits to the business traveller of the partnership in London include the "The British Airways Dream Ticket" offer of the opportunity to name – and visit – the destination to which he or she would most like to travel.

If travellers make a return BA flight by the end of March '94 on which they normally would earn Executive Club Air Miles, then BA pledges half the Air Miles needed to make the "dream trip" with friends, relatives or colleagues.

Other offers include complimentary accommodation at the Radisson Edwardian at Heathrow, for the executives of select US corporations connecting with international flights.

Sally Varlow reports on how Radisson Hotels International and Edwardian Hotels are pooling their many years of hospitality expertise to create and maintain standards of excellence that keep guests coming back.

Customer care shows high returns

CUSTOMER CARE is clearly more than a pious intention or a new management tactic. Its rationale is as much short-term payback as corporate philosophy. When you're in the service industry, good service is what the clients expect. Deliver it and you're at the cutting edge, literally 'Winning Through People'.

'If the level of service is high, you don't have to go in for heavy discounting,' David Batts points out. 'People are prepared to pay a premium for high and consistent standards and they'll come back again and again.'

It's four o'clock on a meeting-packed afternoon and Batts, Radisson Edwardian managing director, looks in on a group of staff just winding up their 'customer care' training day.

He congratulates them, reminds them they're all responsible for every guest and urges them to keep to the personal action plans they've worked out.

Of course the personnel manager running the day had said it all before. But in making time to be there Batts is underlining his personal commitment to better guest relations – and to them.

'The staff are my "internal" customers,' he says. 'If senior management isn't involved in looking after people, why should anyone else bother?'

When Edwardian ran its first customer-care training programme earlier this year, chairman Jasminder Singh was the first delegate. In the next three weeks almost every one of the group's 1500 employees followed the chairman on 'Edwardian Touch' day.

They used videos, role-playing and group discussions to work out 'positive behaviours', to gain confidence in dealing with different types of customer and in visualising what effect their attitude can have on guests.

Customer care should automatically be part of a hotel's territory, Batts asserts. But he's a realist: 'If you leave people to work out their relationship with the customer a great many will and will do it very well. But some won't, especially if they don't realise they're responsible for customers'.

Or as chairman Jasminder Singh puts it: 'In our philosophy every employee should treat every customer as though they are welcoming them to their own home.'

Where other training programmes fail – on follow-up and maintaining higher performance – Radisson Edwardian has built in safeguards. The course was developed in-house with bought-in consultancy help and presented by Radisson Edwardian hotels' own personnel managers, specially trained to do the job.

'That means the same people who ran the courses are responsible for their application and at the end of the day everyone had a personal action plan as the basis for follow-up,' Batts says.

The final follow-up comes with customers' response and both Edwardian and Radisson marketing use client satisfaction as the main yardstick for measuring success. It's part of the corporate culture they share that underpins their new relationship.

'Winning Through People'

But while both companies have used guest-comment cards for years, Radisson has already raised evaluation to the realms of computer-coded science. Comments are fed into a database and the results come out as a monthly league table showing which of the group's hotels score highest on 'Willingness to return'.

Radisson's software monitors coupon response and complaints pro rata to occupancy, as well as levels of satisfaction among different user groups – business, leisure or meetings.

David Batts believes access to Radisson's ready-honed system revolutionises the way Radisson Edwardian uses guests' comments and suggestions – many written in glowing praise at great length and often by committed guests with ingenious ideas for ways of improving their favourite hotel still further.

'Initially we'll develop our own "Willingness to return" league as a yardstick to measure performance between our London hotels, and between departments in each hotel. But potentially we'll be able to measure against more than 300 Radisson hotels worldwide,' says Batts.

One thing Radisson Edwardian won't be doing is badging its staff with 'I'm a customer-care trained worker' pins. If they are, it should show. It shouldn't be necessary to shout about it, Batts believes.

Ten years ago he commissioned market research which revealed that women wanted a more residential feel to hotels as opposed to the men's club setting; just one of the ways Juergen Bartels is keeping a promise to make Carlson Hospitality the global leader by the year 2000.

A new hotel worldwide every 5.5 days

CARLSON HOSPITALITY Group's Juergen Bartels is so busy driving his worldwide organization that he has little time for taking a holiday himself, Julia Bright finds.

Juergen Bartels, 53 year-old president and chief executive officer of the US-based Carlson Hospitality group, is a man with a mission. He intends Carlson to be the world leader in travel and hospitality by the year 2000.

Ten years ago when JB, as he is dubbed, was recruited by Curt Carlson, founder and chairman of one of America's largest privately-owned companies, he pledged 15 per cent year-on-year growth until that date. He also promised to open a new property every 10 days.

At that time there were 23 Radisson hotels in the Carlson group, which encompasses travel agencies (including UK A.T. Mays), hotels and restaurants including T.G.I. Friday's, catering to various markets. Today, Radisson and other lodging operations of Carlson Hospitality Group Inc. – upscale properties – total 344 hotels worldwide and includes owned, managed and franchised operations.

Carlson Hospitality Group revenues last year totalled $2.8 billion. In spite of the recession Carlson Hospitality Group is averaging an additional hotel location worldwide every 5.5 days. That astonishing figure makes it the fastest-growing up-market hotel company in America.

"The recession just means we have to change and tweak the plan a bit," says Bartels, a seriously driven man who seldom takes holidays and admits he would never have the patience to sit and read a book on a beach.

But growth overall is still on target at 15 per cent a year. "Slightly higher," Bartels corrects me.

Radisson subsequently invested in refurbishing its hotels and training its staff better. Now 44 per cent of all guests are women – compared with the annual statistic of women business travellers in America which stands at 31 per cent (as opposed to one per cent in 1970).

There are 110,000 travel agents, he tells me, in America and 88 per cent are women. Over the years he has worked hard to gain them as allies, speaking at their conventions, giving them flowers and persuading them to put more business towards his hotels. The automated incentive programme devised for travel agents who book through the company's Pierre 2000 reservation system appeals particularly to women. "After a booking it will say 'Take a bow', allocate incentive points and list the totals to date. Agents qualify for a variety of prizes depending on point totals. It could be anything from a week on our ship, the SCC Radisson Diamond, to a video camera."

The group's Pierre 2000 reservation system, based in Omaha, Nebraska, is the most advanced and innovative in the industry. Reservations at Radisson Hotels can also be made by travel agents, through airline reservations systems in over 125 countries. The capacity of the reservation system is for 1000 hotels. With 344 Radisson hotels to date what is the inference? "Taking all three categories of our hotels, Radisson, Colony and Country, I do envisage it reaching that number by the end of the century," he replies.

He tells me the story of his first press conference in New York ten years ago, when he presented his plan for the year 2000. "At the end one journalist got up and said: 'JB, I have bad news for you. You'll be fired: you're promising too much.' I said 'I'll be back every year to check that promise with what I have achieved – and see how you have done in the meantime'. The guy who tackled me fell by the wayside four years later. but I'm still around and each year I go back with my report card," he says proudly. Last year he was named Corporate Hotelier of the Year by the international hotel industry publication HOTELS.

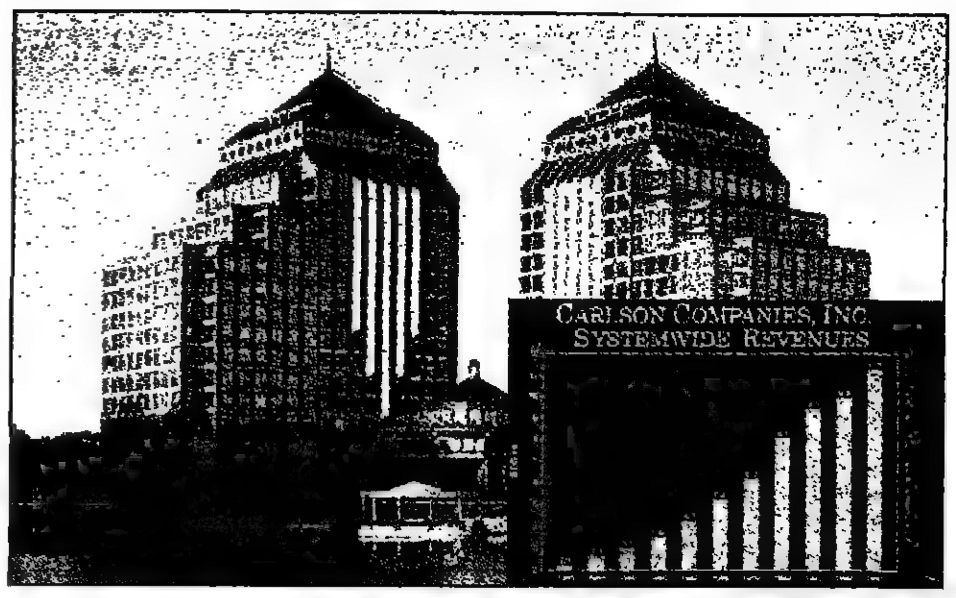
Keeping a promise is almost a commandment to him and none are more aware of this than his 68 vice-presidents, should they fail to keep theirs to him. Bartels believes that no one should be last, eliminating the bottom five per cent of the system each year including properties and executives.

"Each year I go back with my report card"

Report cards are equally important to him. He traces this back to his schooldays in war-torn Germany when he brought them back home to his mother, Lilli, a young widow who bravely brought up her two sons alone. "If I ever came second-best at school, she didn't like it – and I grew not to like it either," he says.

Bartels is a great believer in women, perhaps through the respect he has for his mother (71 and living in Hanover) but also for solid commercial reasons.

Ten years ago he conducted market research which revealed that women wanted a more residential feel to hotels as opposed to the men's club setting; they also felt discriminated against in hotels – mostly by women employees.



Carlson Companies, Inc. world headquarters in Minneapolis, Minnesota, USA reflects its world leadership position. Inset: Growth that speaks for itself.

Within two years, Bartels believes, Carlson's 3-star Country Inns will take over from Radisson in its record of growth per year, as the market dictates lower prices and increased value.

But meanwhile Radisson is focussing on converting and adapting exisiting properties in the four-star category. The one five-star hotel under construction in north America now is a 400-room property opening in May 1994 in Vancouver – "a location of great strategic importance as one of the main gateways to Asia."

The Far East is one of the areas Bartels is keen to focus on in Radisson's global strategy: "The potential there for customers is enormous". The company has a strong foothold in Australia with 10 locations. So is Europe, where Radisson is increasingly active – it has hotels already in Poland, Germany, Hungary, Switzerland, Austria and Spain as well as the only American-managed hotel in Moscow. Many additional Radisson hotels are under development in Europe including a 307-room deluxe hotel in Barcelona. "Certainly there are new growth opportunities in the countries that are replacing central systems with capital-based economies," says Bartels. The Radisson Edwardian partnership is strategically important and part of Bartels' global plan. "We want to do whatever is appropriate for the market place," he says, delighted with the partnership which began informally two years ago.

"When the sun comes up, you'd better be running"

His personal management style is to combine authority with accountability. "In some ways I feel like a servant," he says. "I serve the owners, the employees and the customers and have the task of balancing the needs of all three. It's like a triangle with me in the middle."

Bartels, not surprisingly, has no plans to retire from his busy life – six months of which is spent on business travel with, usually, his French Canadian wife, Rachel accompanying him. "Curt Carlson told his wife he would retire at 65, then 70, then 75. He doesn't mention it any more – and he still comes to the office on 40 Saturdays a year," says Bartels. "So how could retirement at my age be entering my head at all?"

Last year at Carlson's annual business conference he told the following story; "Every morning in Africa a gazelle wakes up. It knows it must run faster than the fastest lion, or it will be killed. Every morning, a lion wakes up. It knows it must outrun the slowest gazelle or it will starve to death. It does not matter if you are a lion or a gazelle. When the sun comes up, you'd better be running."

He tells me: "It's still true, the sun is still shining – and I'm still running."

Radisson makes a tough business a lot easier for travel agents with a combination of the latest technology, top-line products and personal contact, says Mark Higher.

PIERRE, the travel agents' friend

A DRIVING FORCE behind Radisson Edwardian Hotels is the determination to bring together the expertise of both groups to the benefit of the travel industry. Recognising the role travel agents play in its success, Radisson Edwardian works hard to win friends the world over among the people who place the business.

"A major part of hotel bookings comes through travel agents nowadays," says Nick Smart, Edwardian's Sales and Marketing Director. "It's only common sense to get as close alongside them as possible, by setting up easy booking and commission procedures and 'educational trips'."

Radisson Edwardian uses the latest technology to make life easier on either side of the bookings fence. Their central computerised booking system PIERRE, interfaces with over 50 different airline systems in a global distribution network that reaches over 125 countries around the world.

"We developed this capability because travel agents told us they wanted access to more inventory, and that they needed more information, especially for packages and special promotions," says Scott Heintzman, vice president of worldwide reservations services for Radisson Hotels International.

Although agents have been able to use computerised reservation systems (CRS) for some time, most airline and hotel reservations systems only allow access to a code to describe the inventory.

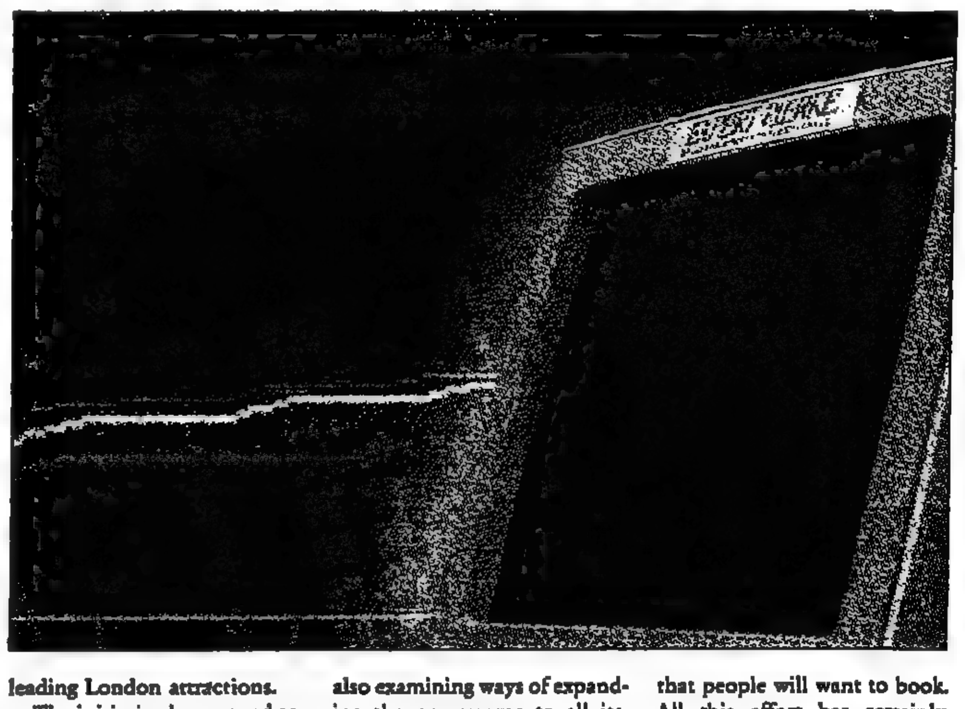
"Seeing is believing"

"It's no wonder that travel agents would avoid using CRS when they wanted to book a room for an important client all you got was a code, which told you that there was a kingsize bed for example," says Julie Wilcox, manager of marketing automation, Radisson Worldwide Reservation Services. "Now the agent can see a description such as 'kingsize bed on concierge level with jacuzzi' and has the opportunity to 'paint' a verbal picture of the room, its decor and atmosphere."

Using PIERRE, agents get almost as much information on screen as the hotel general managers. In addition loyalty bonuses are clocked up as points for every booking and fast centralised commission is paid. Agents booking Radisson Edwardian hotel rooms and packages are also eligible for special incentives. This incentive program, called "Look to Book" is the only one of its kind in the hotel industry.

But in the competitive travel market, technology and incentives are not enough. Radisson Edwardian is aware that agents need good products if they are to sell them to demanding clients. New products need to be innovative, service to be good and prices competitive.

On top of that, agents need good 'components' from which to put together their own itineraries. To help that Edwardian has been running 'Seeing is Believing,' its familiarisation programme, since 1989. It includes special hotel rates, discounts on rail, coach and car rental costs and free or discounted entry to over 500 leading London attractions.



The initiative has proved so successful that it has been adopted by British Airways and the British Tourist Authority, who use it for familiarisation trips for bona fide agents from all over the world. Radisson are also examining ways of expanding the programme to all its major international and gateway cities.

Radisson Edwardian has invested heavily in the latest bookings technology and is providing hospitality packages that people will want to book. All this effort has certainly paid off in communicating with and working with carriers and travel agents to mutual advantage.

Tricia Snell finds Radisson Hotels International is making waves with a smooth launch into the luxury cruise industry.

Definitely not a rough Diamond

EVEN THE MOST faint-hearted sailor can enjoy a luxury cruise on the SSC Radisson Diamond. It is the first cruise ship to take advantage of the state-of-the-art SWATH (small waterplane area twin hull) design and provide the most comfortable voyage ever.

The SSC of the ship's name stands for semi-submersible craft. The main structure of the boat is above water level riding on its two submerged hulls, which contain the machinery, thus eliminating much of the noise from the engine and propeller.

Such a narrow surface area is in contact with the waves that the Diamond has only 20 per cent of the roll of the traditional monohull ship.

The ship is owned by Helsinki-based Diamond Cruise Inc. The Finnish investors approached Juergen Bartels, President of the Carlson Hospitality Group Inc, to ask the company to operate and manage the ship. Since the Carlson Travel Network has more than 2,100 travel agency locations, it was an ideal opportunity.

"More than 95 per cent of cruise ship bookings take place through travel agents, so the expansion into the cruise industry was a natural area of synergy for our corporation," says Bartels.

"On a cost-per-cabin basis, it will be the most expensive cruise ship ever built"

Diamond Cruise Inc was eager to work with Radisson. John A Norlander, President of Radisson Hotels International, explains: "A single-ship cruise line is in a difficult position marketing itself against the big guys. Diamond Cruise was able to tie into a big guy and get the exposure through sales, reservations systems and marketing."

The Diamond was launched by Kiri Te Kanewa in London in May 1992; it spends spring and summer in the Mediterranean and autumn and winter in the warmer waters of the Caribbean.

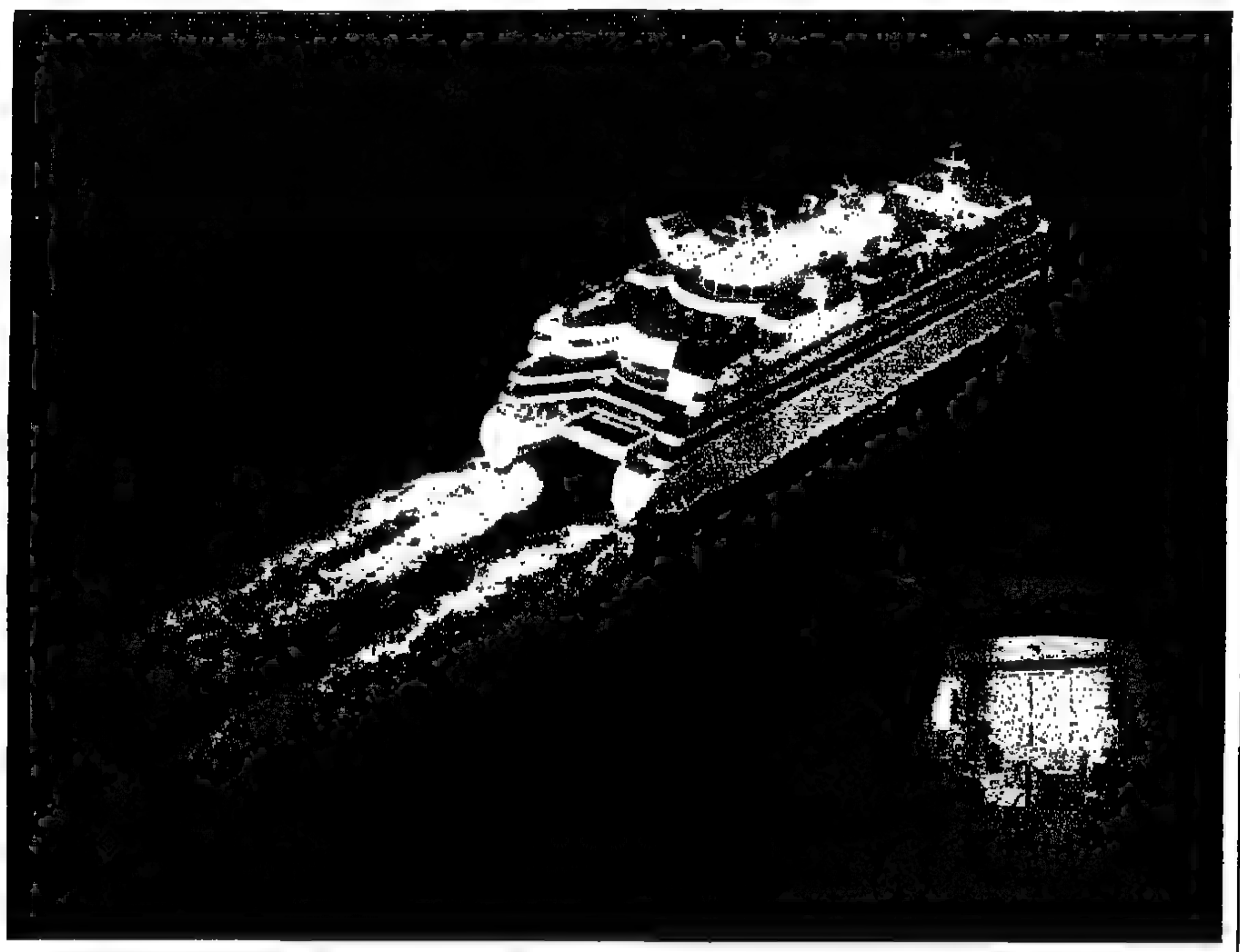
Radisson is keen to promote the Diamond both to the individual traveller and to corporate groups. The Constellation Conference Centre can be split into six smaller rooms, plus three boardrooms, and fax machine, computers and telecommunications equipment are all on hand.

The spacious design of the meeting rooms and leisure facilities means that different corporate groups and individual travellers can comfortably be accommodated on the same voyage without intruding on each other. The Diamond carries 354 passengers and has a crew of 192, so attentive service is assured.

Radisson Hotels International's next venture into the cruise market is with the M/S Radisson Kungsholm, currently being built at La Spezia, Italy, at a cost of $140 million. On a cost-per-cabin basis, it will be the most expensive cruise ship ever built – and about the most luxurious in the world.

The Kungsholm, due to be launched in 1995, will have 116 ultra de luxe suites, excellent conference, exhibition and recreational amenities, and state-of-the-art safety and environmental features.

"The Kungsholm represents the continuing expansion of Radisson Hotels International into the cruise industry, a strategy which the company is pursuing as part of its global growth plan for the Nineties," says Norlander.



SSC Radisson Diamond 5, 6 and 7 night Luxury Cruises Autumn/Winter, 1993

Late availability price gems from £850 per person*

IF YOU are looking for a luxury break with a difference, Diamond Cruise can offer some fantastic savings on selected cruises this November/December.

The unique twin-hulled SSC Radisson Diamond has unparalleled stability, 5 star accommodation, gourmet dining and attentive European style service, ensuring the best in cruising comfort.

31st October – 6th November: Barcelona – Malaga – Cadiz – Casablanca – Lisbon.
6 nights – £1,100 + £80 port charges per person.

12th – 17th November: Lisbon – Casablanca – Agadir – Lanzarote – Las Palmas.
5 nights – £850 + £70 port charges per person.

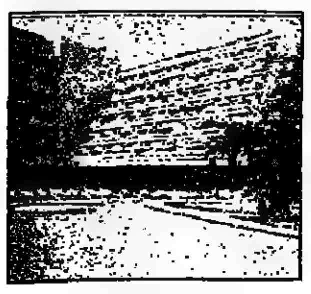
12th – 26th November: The above itinerary + Transatlantic crossing to San Juan (Puerto Rico).
14 nights – £2,050 + £130 port charges per person.

26th November – 3rd December and 13th – 20th December: San Juan – St. Lucia – Barbados – Illes des Saintes – St. Barts – St. Thomas – San Juan.
7 nights – £1,400 + £70 port charges per person.

For further details or to book one of these fantastic cruise offers, contact Diamond Cruise on 071 240 0576. Fly/Cruise packages for these sailings can be arranged through our tour operator AFB Cruise Creations tel: 071 379 5882.

**Price based on 5 night cruise only, double occupancy, excluding port charges.*

Stop Press Barcelona



Radisson Hotels International today announced a major new addition to its European organization with a deluxe 307-room business and resort hotel in Barcelona, Spain. The Radisson Hotel Barcelona is located in the popular Spanish holiday destination of Sitges near Barcelona. Offering the most comprehensive meeting facilities on the Spanish Mediterranean and the best European beaches, the 307-room hotel combines business with pleasure in an outstanding resort setting.

Only 15 minutes from the airport, the hotel also offers easy access to the best golf courses of the area, the Sant Pere de Ribes Casino, and is near the pleasure harbour of Aiguadolc. The hotel is scheduled to open late '93.

Information Line

If you would like to find out more about Radisson Edwardian Hotels or any of the following:

RADICAL WEEKENDS
CENTRE STAGE
CARLSON HOSPITALITY
PIERRE 2000
RADISSON DIAMOND CRUISES

CALL FREE
UK 0800 335588

RADISSON EDWARDIAN
HOTELS

Radisson Hotels International is cutting loose in the leisure market with Radical Weekends, short breaks so radical you can even take one midweek.

A Radical move for Radisson

RADISSON HOTELS is taking a radical turn towards the leisure market. Tricia Snell reports

Radisson Hotels International is entering the short breaks market with its Radical Weekends brochure launched just two weeks ago. The demand for short breaks is on the increase and Radisson spotted a gap in the market which it is determined to fill.

Why 'Radical'? Michael Prager, Regional Vice President – Europe says, "Those people with the disposable income to enjoy short breaks are primarily children of the Sixties. They associate relaxing and recharging the batteries with cutting loose, being a bit 'radical'."

The whole tone of the brochure is slightly irreverent, a little tongue-in-cheek. Prager says, "Often people think that hotels can be slightly stuffy – but Radisson doesn't run stuffy hotels."

Radisson's hotels range from middle-market to luxury, but in all of them the Radical Weekends offer very good-value rates and include a full English, or buffet breakfast.

Customers paying by Visa receive a room upgrade whenever possible, a complimentary bottle of wine and cheese board, and have the Sunday checkout time extended to 4pm. This is part of an agreement whereby Radisson offers Visa cardholders added value and Visa mails its cardholders with details of the Radical Weekends.

"Radisson recognises that a stay in a hotel is no longer sufficient reason to take a break," Prager says. "We think in terms of adding value – and our hotels are ideally situated. You can stay at the Radisson Plaza in Berlin, and go to the Berlin Philharmonic, or at the Radisson Edwardian hotels in London, theatre capital of the world."

The name not withstanding, Radical Weekend breaks are available during the week as well – in fact they are on offer whenever hotel space permits. Breaks can be booked well in advance or at the last minute through Radisson's computerised central booking system.

Previously Radisson has concentrated almost exclusively on the business traveller. But with the business market static and short breaks up 10 per cent per annum over the last four years, the group is keen to encourage leisure travellers as well as to persuade those on business to stay longer.

Says Radisson's Prager, "One reason for the increasing interest in short breaks is their flexibility. Most of us can take no more than one holiday a year of any length, but short breaks fit in with many people's income and lifestyle – as well as with flight availability.

Ghost Storey

They say that when you look into the mirror located near the lower level elevator of the famous Radisson Hollywood-Roosevelt Hotel ... you may see the reflection of Marilyn Monroe.

Does her spirit reside there? Could be. The hotel was the home of the very first Academy Awards ...

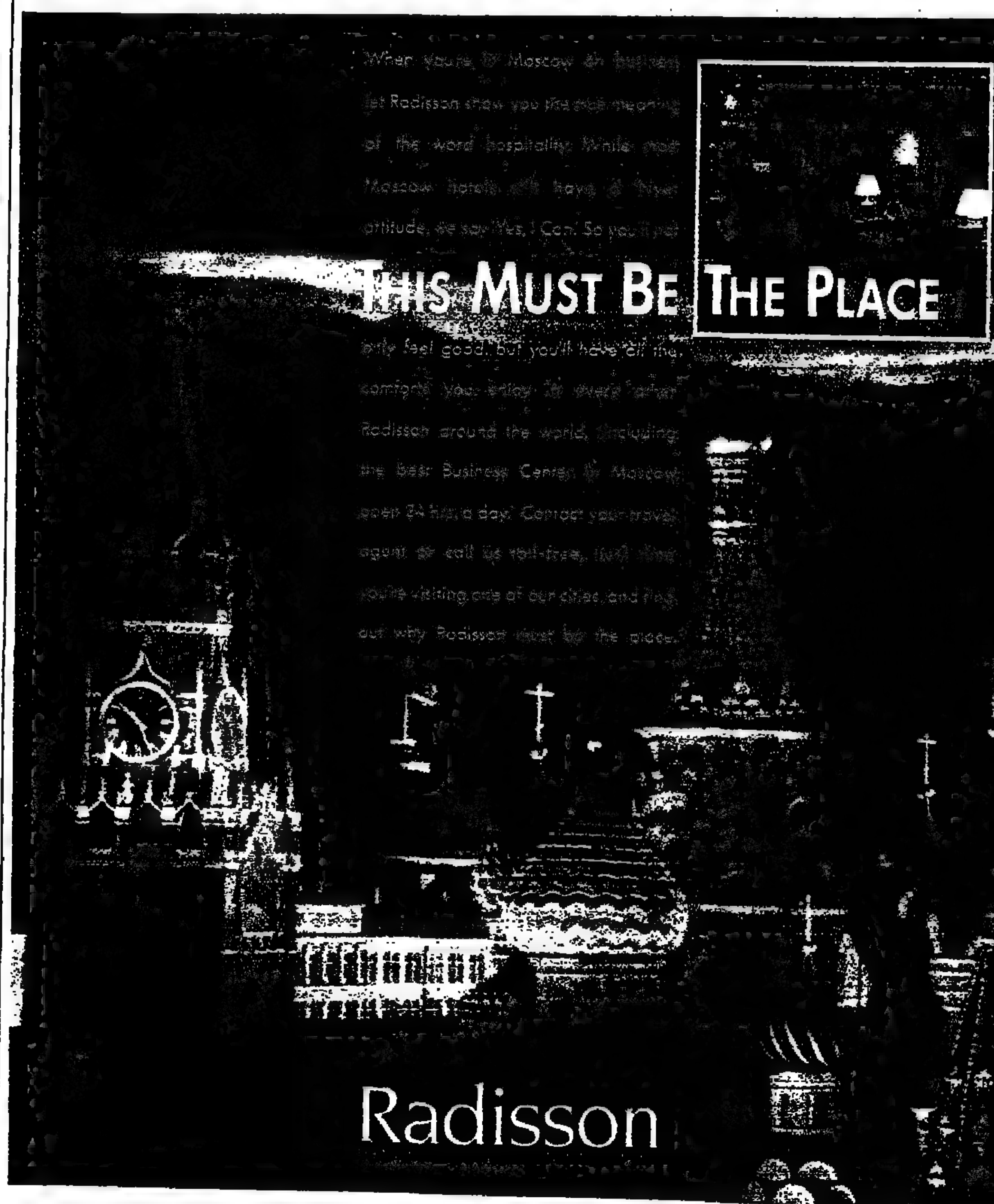
Nowadays Hollywood's top stars have adopted a new approach to their London visits. Instead of arriving in a flurry of fanfares, they are more inclined to slip in quietly, visiting the big city while savouring the calm and confidentiality normally associated with a country retreat.

Radisson Edwardian has several London addresses with an enviable reputation as an oasis of calm. So don't be surprised next time you're visiting one of our delectable London havens, that familiar face at the bar alongside you may actually be ...

A bird in the hand ... Passing by Scott Circle in Washington, DC, you may hear a bird unlike any you've ever heard before. But it's not a bird ... it's Kheder Essa, the Radisson Park Terrace's bell captain summoning taxi cabs from every direction. When he was a little boy in Ethiopia, Kheder used exotic birdcalls to signal his friends from the countryside. Today his technique is a hit with guests, who often ask for repeat performances. Cabbies like it too.

So if you ever need a cab on a rainy day in London, speak to one of our concierges. He'll be able to whistle up something ...

... and in the bush? Ramble around the Radisson Royal Palms Resort near the Great Barrier Reef in Port Douglas, Queensland, Australia, and you'll be transported back millions of years into a prehistoric rain forest. Here, in a setting breathtaking for its otherworldy beauty, grow some of the rarest flora on earth ... including several survivors from prehistoric times still unclassified by botanists. Please note: reports that cocktail hour in our 'Jurassic Garden' Down Under is enlivened by the occasional pterodactyl are *strictly* unconfirmed.



LONDON STOCK EXCHANGE

Equities recover from early weakness

By Terry Byland, UK Stock Market Editor

THE LONDON stock market rallied from early losses to close firmly yesterday as traders decided that an unexpectedly large fall in unemployment last month did not change the City of London's perceptions of the short-term outlook. Although the unemployment figures indicated stronger economic recovery than suggested by the fall in manufacturing output announced on Wednesday, analysts remained convinced that UK base rates will be cut soon, probably at Budget time in November.

In early dealings, the stock market appeared confused as it measured the implications of this week's batch of economic data. Shares gained ground at first, reflecting the view that Wednesday's news on manufacturing output and domestic inflation had strengthened the chances for a rate cut and reduced the likelihood of tax increases in November.

But the announcement that unemployment had fallen by 13,600 in September confused these expectations and the stock market fell sharply as bond prices turned downwards. At worst, the FT-SE Index was more than 13 points off at 3,067.5, although trading volume was fairly modest.

The London market soon steadied, but the recovery which pushed the Footsie into plus territory was triggered by strength in the US bond market and on Wall Street, which gained 12 Dow points in UK hours, in response to US producer price statistics.

Increased volume in equities as the market moved higher appeared to indicate underlying confidence among leading institutional investors. The final reading of 3,086.3 on the FT-SE Index showed a net rise of 5.4 on the session.

Seaq volume of 618.2m shares compared with 659.2m on Wednesday when retail business was worth a healthy £1.5bn. The FT-SE Mid 250 Index slid 3.9 to 3,464.4, with non-Footsie trading making up around 61 per cent of the total.

"This week's economic data have added little to the argument over prospects for a base rate cut," was the view of one leading house, which held to its prediction of a one per cent cut in base rates, probably around the time of the Budget which will probably bring around £5bn to £6bn in higher taxes, spread over the next three years.

With domestic factors now on hold until the Budget, the London stock market has moved more closely in tandem with other European bourses this week. UK strategists remain convinced that, despite the unwillingness of the Bank of France, interest rates will be cut in Europe very soon, thus opening the way for the cut in UK base rates which the market seeks.

The outstanding feature of the market yesterday was the alert prompted among telecommunication stocks by the $22bn bid from Bell Atlantic of the US for Tele-Communications Inc, which opened up the range of opportunities for global inter-active entertainment and information networks.

Stores and similar retail stocks moved narrowly around overnight levels as confidence in base rate prospects was recovered. Banks, which are also prime beneficiaries of rate cuts, were mostly a shade firmer. The final picture in the marketplace appeared optimistic, with traders noting that buyers had again appeared when share prices weakened.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group†	29,000	63¼	-2½
Abbey National†	1,200	417	+3
Albert Fisher	513	75	-1
Allied-Lyons†	1,200	569	+2
Anglian Water†	1,300	558	+7
Argos	82	344	+1
Argyll Group†	2,300	291	-5
Arjo Wiggins†	1,200	220	-3
Assoc. Brit. Foods†	173	480	-5
Ass. Brit. Ports	415	461	-4
BAA†	1,100	876	
BAT Inds.†	5,200	468	+10
BET	1,300	131	+1
BICC	1,600	387	
BOC†	676	654	-2
BP†	5,600	325½	+2
BPB Inds.	665	258	-1
BT†	9,900	447	+6½
BT (P/Paid)	6,400	187½	+4½
BTR†	7,200	369½	-2½
Bank of Scotland†	1,400	187	-2
Barclays†	2,700	502	+5
Bass†	813	473	
Blue Circle†	1,100	285	
Booker	464	387	-3
Boots†	1,200	503	+1
Bowater†	1,300	485	+2
Brit. Aerospace†	2,700	419	+11
British Airways†	2,500	378½	-½
British Gas†	11,000	328½	-½
British Land	304	419	-4
British Steel†	3,200	124½	-½
Bund	676	150	
Burmah Castrol†	574	754	-12
Burton	2,500	74½	
Cable & Wire.†	4,100	953	+26
Cadbury Schweppes†	1,800	454	-5
Calor Group	1,000	260	-8
Carlton Comms.†	588	784	+6
Coats Viyella†	1,700	287	-2
Comm. Union†	1,100	628	-2
Cookson	404	201½	+½
Courtaulds†	402	484	-1½
[illegible]	[illegible]	[illegible]	[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

Account Dealing Dates		
*First Dealings:		
Oct 4	Oct 18	Nov 1
Option Declarations:		
Oct 14	Oct 28	Nov 11
Last Dealings:		
Oct 15	Oct 29	Nov 12
Account Day:		
Oct 25	Nov 8	Nov 22

*New time dealings may take place from two business days earlier.

Greycoat move expected

SPECULATION that institutional investors in Greycoat are close to a new deal to save the stricken property company sent its securities climbing sharply yesterday. The ordinary shares jumped 6 to 27p with over 3m traded, while the preference shares added 4¾ to 56½p. In late trading, talk that a statement was coming this morning fuelled expectations that new restructuring talks were well advanced.

Greycoat announced two days ago that several approaches had been made and the market was yesterday attempting to put flesh on the bones of any proposed deal. All the major stakeholders figured in the latest speculation, with UK Active Value Fund, advised by corporate financiers Mr Brian Myerson and Mr Julian Treger, and controlling 18 per cent of Greycoat's ordinary shares, prominent.

One source close to the talks said that the terms being drafted would address the requirements of the preference holders by offering a conversion into the ordinary's. A rights issue is likely to be included, although speculation that this would involve a £60m issue at 2 shares for one was dismissed as "wide of the mark" by a Greycoat source.

Telecom sector alert

News of the $22bn merger between Bell Atlantic and Tele-Communications Inc sent telecoms shares surging, with US buyers said to be prominent. "There's a wall of money coming over from the Atlantic," said one leading telecoms specialist. "Multi-media is now seen as the place to be, and everyone wants a piece of the action."

There was also speculation that Cable and Wireless is in discussion with the US telecoms giant AT&T over forming a global alliance in business communications. Although rumoured for some time, analysts said that Wednesday's monster deal had given fresh impetus to all speculative tie-ups in the industry. Cable shares jumped 26 to 953p in turnover of 4.1m. Vodafone added 10½ to 551p, BT 6½ to 447p and Securicor 17 to 787p.

Lasmo doubts

The unusual move by Lasmo to reject publicly the decision by Moody's to downgrade the company's debt did little to reassure the market. Many industry watchers viewed the statement as a sign of nerves rather than positive action to quell any uncertainty over the stock.

However, analysts were in agreement that the downgrading was not unexpected and the rating would have little effect on the company's strategy. The real impact was likely to be on the already uncertain sentiment surrounding Lasmo. One source reported some unease among US brokers - recent supporters of the stock.

Also affecting the stock was a rumour that Warburg had downgraded its dividend forecast and recommended a switch out of the stock. Warburg, long-time sellers of Lasmo, denied any downgrading. Mr Alan McDonald said that although the broker preferred a stock such as Enterprise the stance on Lasmo had not altered.

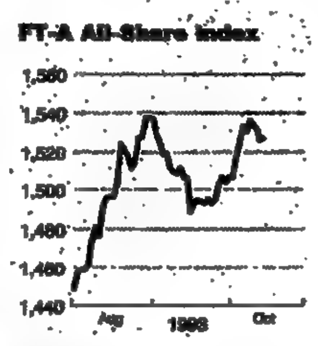
In slightly above average volume of 3.9m the shares slipped back 1¼ to 136p.

Elsewhere in the oils sector Enterprise Oil continued to move ahead, buoyed by its recent add-on discovery and also, according to one analyst, a shortage of the stock. The price increased 8 to 479p. Burmah reportedly suffered the reverse problem and an overhang of stock was one of the reasons said to have driven its fall of 12 to 754p. Pittencrieff jumped ahead 21 largely on the back of its telecommunications interests.

Food manufacturing stocks were under pressure as evidence of continued margin pressure in the sector was seen. First, came the annoucement from Tesco that it was slashing the price of milk, hitting shares in Northern Foods and Unigate, two of the country's biggest dairy companies. Then, news that BSN, the French food giant, was beginning a discounting campaign, albeit in coupon form, undermined sentiment further.

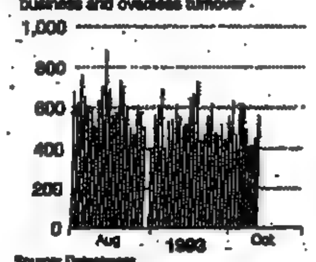
However, Unilever again sparkled as sentiment towards brands, particularly on Wall Street, improves. The shares added 18 to 1094p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Source: Datastream

Tesco's move kept worries alive over margin pressure among supermarket stocks. Tesco shares slipped 3 to 202p, J Sainsbury 4 to 415p, Kwik Save 9 to 668p and Argyll Group 5 to 291p.

Tobacco and financial services group BAT was in demand, the shares advancing 11 to 468p, after US securities house Sanford Bernstein was reported to have upgraded Philip Morris from hold to outperform.

The securities house was said to have cited a resumption of earnings growth and a change in strategy and an increase in premium cigarette brands.

Office equipment group Danka Business jumped 26 to 305p, after Credit Lyonnais placed around 1.2m shares with institutions at 263p, a share. The stock had been part of Danka's public offer to raise nearly $75m that was made on Wednesday in the US.

Among transport stocks, troubled container leasing group Tiphook, shed 4 to 137p, on vague talk that the company may be considering calling on investors for cash.

The placing of the rump of the £216m rights issue from Tarmac helped to send the share price down 3 to 140p. The placing by Cazenove was, according to one analyst, a little larger than expected. The company announced a 87.3 per cent take-up of the issue.

Shares in Hunting, the oil, aviation and defence group fell 16 to 233p, with BZW, the company's broker, said to have led the day's selling, after the company reported interim figures just below market expectations. Profits improved £4.3m to £17.7m but sounded a note of caution about the aviation side of the business, in spite of a favourable outlook for oil, and defence.

Hunting's figures were the second set of results in the aerospace sector this week to disappoint the market. The first came from FR Group, where the shares yesterday benefited from bargain hunting ending a penny ahead at 225p, after several dull sessions.

That poor sentiment was also seen in aerospace and medical equipment group Smiths Industries where the shares lost 15 to 356p, in nervous trading ahead of next week's results. Several large lines of stock were on offer and talk that the company may make a provision of around £8m on its aerospace side once again did the rounds.

Engineering group FKI put on 6 to 171p, as brokers just back from a visit to the company's US operations recommended the stock.

A round of upbeat visits and presentations to City institutions by British Aerospace did much to help the shares shrug off news that the Government of Taiwan would play no part in the company's attempts to salvage its proposed regional jets joint venture with Taiwan Aerospace Corporation(TAC). The shares gained 11 to 419p, in trade of 2.7m with analysts once again stressing the point that the deal was no longer financially critical to the future of BAe. News of job cuts at the group was also well received by market watchers.

General buying of William Cook saw the shares move 15 ahead to 281p. Among motor stocks, fears of asbestosis claims from Africa and India for T&N, following a hard-hitting documentary programme on UK radio, weakened the shares. They closed 5 lower at 175p.

Among trusts, Abtrust Scotland remained unchanged at 28p after Panmure Gordon crossed a block of 4½m shares, as one institution sold its 13 per cent stake to several other funds.

Thorn EMI, undermined in recent sessions over compact disc inquiry worries on both sides of the Atlantic, slid further as SG Warburg was said to have placed nearly 3m shares at 890p. Thorn closed at 906p, down 14.

Profit-taking in Royal Bank of Scotland saw the shares lose 11 to 334p. National Westminster put on 4 to 559p in trade of 4m, after it reported record figures from NatWest Bancorp, its US subsidiary.

MARKET REPORTERS:
Joel Kibazo,
Christopher Price,
Christine Buckley.

■ Other statistics, Page 23.

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (168).
BRITISH FUNDS (14) AMERICANS (4) Bell Atlantic, Chicorp, Lowe's, Time Warner, BANKS (3) Natl. Australia, Natl. Westminster, Standard Chartered, BREWERS (3) Grosvenor Inns, Vaux, Wetherspoon (J.D.), BLDG MATLS (1) MB Caradon, BUSINESS SERVS (4) BNB Res., Hays, Hutch. Whmp., Time Prods., CHEMS (3) Canning (W), Porvair, Schering, CONGLOMERATES (1) Chillington, CONTG & CONSTRCN (4) Ashtead, ESC, Maunders (John), Vibroplant, ELECTRICALS (2) ASEA B, Ericsson, ELECTRICITY (2) China Light, Norweb, ELECTRONICS (4) Farnell, Macro 4, Phonelink, Pelon, ENG GEN (2) Fenner, Renold, FOOD RETAILING (1) M & W, HEALTH & HSEHOLD (2) Astra B, Maybom, HOTELS & LEIS (8) Airtours, Do. Pf., Bristol Scotts, Harmony Leisure, Quadrant, INSCE COMPOSITE (1) Trade Indemnity, INSCE LIFE (1) Aegon, INV TRUSTS (46) MEDIA (7) Dorling Kindersley, [illegible] News Corp., Sleepy Kids, [illegible] MERCHANT BANKS (1) Warburg (S.G.), MTL & MTL FORMING (2) Cook (Wm), Simsmetal, MISC (7) Danka Bus. Systems, Dinica Heel, Heritage, Hornby, Portmeirion Potts., Ricardo, Waterman Part., OIL & GAS (5) Alliance Res., Command Pet., Greenway, Santos, Woodside, OTHER FINCL (4) Camellia, Sharelink Inv. Sers., St. James's Place Cap., Swire Pacific A, OTHER INDLS (2) B.H. Prop., Bruntcliffe Aggregates, PACKG PAPER & PRINTG (1) Jarvis Porter, PROP (8) Derwent Valley, HK Land, Helical Bar, Moorfield Ests., PSIT, Safeland, Savills, Tops Ests., STORES (3) Brown (N), Carpetright, Courts, TELE NETWORKS (4) Cable & Wire., Securicor, Do. A, Security Services, TEXTS (1) Hollas, TRANSPORT (6) Cathay Pacific, Mayne Nickless, P & O 5½pc Pfd., Stagecoach, TNT, WATER (8) Anglian, Nth. West, Severn Trent, Sth. West, Southern, Thames, Welsh, Wessex, PLANTATIONS (1) Golden Hope, MINES (4) Antofagasta, De Beers Linked Units, Niugini, Petaling.
NEW LOWS (14).
AMERICANS (1) WMX Tech., BUSINESS SERVS (1) Reliance Security, CHEMS (2) Caird, Courtaulds, ELECTRONICS (1) Micro Focus, ENG AERO (1) FR, FOOD RETAILING (1) ASDA, HEALTH & HSEHOLD (1) Smith & Nephew, HOTELS & LEIS (1) First Leisure, MEDIA (2) Gold Greenlees Trott, Sunset & Vine, MISC (1) Photo-Me, OTHER FINCL (1) Policy Portfolio, PACKG, PAPER & PRINTG (1) Smurfit (J).

FINANCIAL TIMES EQUITY INDICES

	Oct 14	Oct 13	Oct 12	Oct 11	Oct 8	Year ago	*High	*Low
Ordinary share	2327.4	2333.2	2350.8	2358.7	2358.1	1850.2	2414.2	2124.7
Ord. div. yield	4.00	3.99	3.97	3.96	3.95	4.80	4.52	[illegible]
Earning yld % full	4.64	4.63	4.60	4.59	4.64	6.57	6.38	4.51
P/E ratio net	27.16	27.21	27.39	27.48	27.51	18.50	28.30	19.40
P/E ratio nil	25.05	25.09	25.26	25.32	25.36	17.28	[illegible]	18.14
Gold Mines	214.6	218.6	208.2	211.2	203.7	88.1	248.2	89.0

*for 1993. Ordinary share index since compilation: high 2414.2 31/8/93 - low 49.4 26/6/40
Gold Mines Index since compilation: high 734.7 15/2/83 - low 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2333.0	2330.2	2322.9	2318.9	[illegible]	[illegible]	[illegible]	[illegible]	2327.1	[illegible]	[illegible]

Volume	Oct 14	Oct 13	Oct 12	Oct 11	Oct 8	Year ago
SEAQ Bargains	28,008	29,095	28,977	31,544	30,311	21,118
Equity Turnover(£m)†	-	1508.7	1241.0	838.1	1080.7	810.5
Equity Bargains†	-	32,372	33,901	34,091	34,016	24,504
Shares traded (mil)†	-	568.7	458.9	428.8	415.6	425.7

† Excluding intra-market business and overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

A LITTLE life was breathed into Footsie futures trading yesterday, writes Christine Buckley. However, as the activity comprised a slide followed by a rally, the December contract ended the day in exactly the same shape as it had started it.

The opening of the contract on the FT-SE 100 surprised some traders who had expected a weak start reflecting the poor sentiment over recent economic data. The contract began up at 3,109 but the positive start soon diminished and swiftly moved into a slide.

With dealers becoming nervous and starting to open arbitrage positions, the contract slipped below the 3,100 mark and continued down. For a substantial part of the morning session it traded below fair value. The bleakest point came about three hours into the session when the contract touched 3,087.

But after lunch a ripple of optimism moved through the market fuelled by hopes of a strong Wall Street opening and the resurgence of interest-rate-cut hopes.

The contract's closing at 3,109 – 6 points below the day's high – marked a 8 point lead over the fair value premium to cash which is about 21 points.

The afternoon optimism continued with after-hours business reported as brisk.

Traded options had moderate volume at 30,188. In stock options Cable and Wireless was most traded at 1,874 lots.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
3086.3 +5.4	3464.4 -3.9	1527.78 +1.54

	Oct 14	Day's change %	Oct 13	Oct 12	Oct 11	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj. ytd	Total Return
FT-SE 100	3086.3	+0.2	3080.9	3094.7	3102.2	2548.6	3.80	5.36	22.30	81.60	1123.44
FT-SE Mid 250	3464.4	-0.1	3468.3	3474.9	3482.2	2373.9	3.53	5.78	21.71	79.74	1248.85
FT-SE Mid 250 ex Inv Trusts	3470.0	-0.2	3475.8	3482.1	3490.5	2380.7	3.63	6.20	19.77	81.78	1248.54
FT-SE-A 350	1541.7	+0.1	1540.6	1546.0	1548.7	1223.4	3.74	5.61	22.00	38.85	1149.59
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-A ALL-SHARE	1527.78	+0.1	1526.24	1531.95	1535.37	1200.77	3.70	5.50	22.54	38.75	1158.24

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3084.2	3081.3	3073.8	3067.5	3070.9	3071.6	3074.7	3080.5	3085.1	3086.3	3067.5
FT-SE Mid 250	3468.4	3467.0	3461.4	3458.0	3457.6	3458.3	3458.0	3460.8	3462.4	3468.8	3457.6
FT-SE-A 350	1541.3	1540.0	1536.8	1533.8	1535.1	1535.6	1536.7	1539.1	1541.1	1542.0	1533.8

Time of FT-SE 100 High: 4:30pm Low: 11:00am

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Construction	1977.2	1977.2	1978.8	1979.1	1978.2	1973.7	1975.7	1974.9	1974.9	1974.9	1980.8	-5.9
Health & H	1088.9	1087.7	1084.0	1081.4	1081.8	1081.7	1083.8	1087.5	1088.4	1088.4	1088.6	-0.2
Water	1590.6	1587.7	1582.1	1582.4	1582.4	1589.8	1590.3	1597.9	1605.3	1605.3	1604.4	+0.9
Banks	1982.1	1982.3	1978.8	1975.0	1976.2	1976.1	1984.7	1991.8	2000.5	2001.1	1976.6	+24.5

Additional information on the FT-Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address. [illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
Treas 13¼pc 1993‡‡		100¾	—	106⅜	100¾	13.06	
8½pc 1994		100¾	—	102⅞	100¾	8.4	
14½pc 1994‡‡		103	—	109¼	103⅛	14.0	
Exch 13½pc 1994		104⅛xd	—	109⅜	104⅛	12.9	
Treas 10pc Ln. 1994‡‡		102⅝	—	105⅝	102⅝	9.7	
Exch 12½pc 1994		105½	—	110⅜	105½	11.8	
Treas 9pc 1994‡‡		103⅛xd	+⅛	105⅝	103⅛	8.8	
12pc 1995		107⅞	+⅛	111⅞	107⅛	11.1	
Exch 3pc Gas 90-95		97⅛xd	—	97⅛	94	3.0	
[illegible]							
Five to Fifteen Years							
Treas 15½pc '98‡‡		137½	+⅛	139⅞	133⅞	11.27	6.53
Exch 12pc 1998		122xd	+⅛	123⅞	116⅛	9.76	6.61
Treas 9½pc 1999‡‡		113⅛	—	113½	108⅛	8.40	6.50
Exch 12¼pc 1999		125⅞	—	125⅝	120⅛	9.80	6.70
Treas 10½pc 1999		117⅛xd	+⅛	118⅛	113⅞	8.90	6.62
Conversion 10¼pc 1999		117⅞	+⅛	118⅛	112⅛	8.70	6.65
9pc 2000‡‡		112⅞	+⅛	113	105	8.00	6.58
Treas 13pc 2000		132⅞	—	133⅛	125½	9.81	6.69
10pc 2001		118⅛	—	118⅝	109⅞	8.47	6.64
7pc '01 ‡‡		101⅞	+⅛	101⅞	97⅞	6.89	6.71
9¾pc 2002		118⅛	+⅛	119⅛	108⅞	8.24	6.95
8pc 2003‡‡		108⅛	+⅛	108⅞	97⅛	7.41	6.86
8pc 2003 A‡‡		108	+⅛	108⅞	102⅞	7.41	6.87

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
[illegible]							
Treas 8¾pc 2017‡‡		117⅞	+⅛	119⅛			
Exch 12pc '13-'17		147⅞	+⅛	148⅞			
Undated							
Consols 4pc		55⅞	-⅛	54⅛			
War Loan 3½pc‡‡		49⅛	-⅛	49⅛			
Conv 3½pc '61 Aft.		68⅛	—	67⅛			
Treas 3pc '66 Aft.		40⅛	+⅛	40⅛			
Consols 2½pc		35⅛	+⅛	35⅛			
Treas 2½pc		33⅞	+⅛	34⅛			

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
Index-Linked							
[illegible]							

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. [illegible]

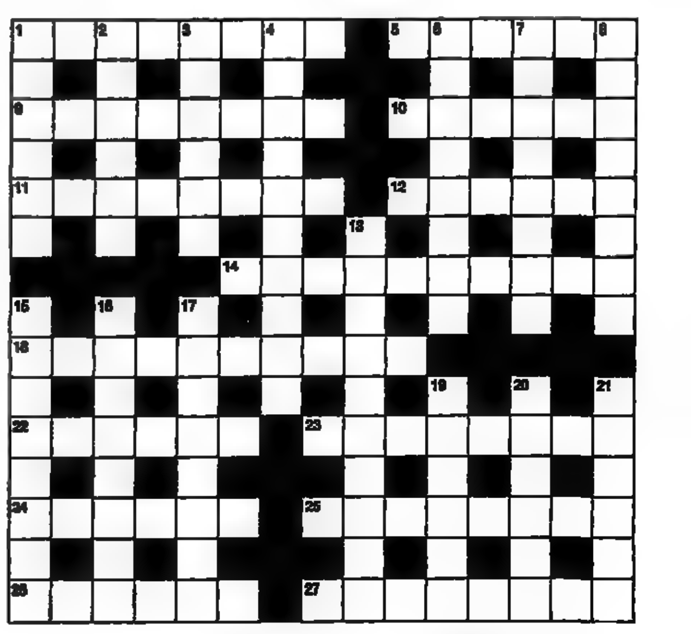
OTHER FIXED INTEREST

	Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
[illegible]							

Continued on next page

CROSSWORD

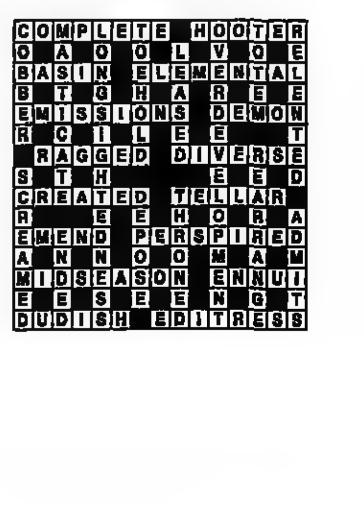
No.8,280 Set by VIXEN



ACROSS
1 Note well such an expedient (8)
5 Firm Greek character a top journalist followed (6)
9 Allowing carte blanche to the French rave (8)
10 Substantial meals might be safest (6)
11 Look yet again for investigative work (8)
12 A northerner needs some extra clothes – kimonos perhaps (6)
14 Order given with a flourish? (10)
18 The drugs-dealer making a poet chary (10)
22 Female college authority going to town (6)
23 Close around a boy at the specified time (8)
24 Worm putting a point allowable (6)
25 August, when one thousand go by the river to make music (8)
26 The press always accepts direction! (6)
27 Profit from intrigue? (8)

DOWN
1 Official statement concerning volte-face (6)
2 The money going in rent, all for show (6)
3 Far from well-educated under a new arrangement (6)
4 "Love is too young to know what — " Shakespeare (10)
6 So averse to change in foreign parts (8)
7 Popular drink to give some get-up-and-go (8)
8 Reckon under five hundred is the deduction to be made (8)
13 Travel accompanied by a fellow worker (10)
15 Only after cold remains, and that's material (8)
16 There could be nine to do – possibly twelve (8)
17 Project a man gets involved in to gain advancement (8)
19 Like to run when so inclined (6)
20 Conservationists in Ireland are not split (6)
21 Minor showing discourtesy (6)

Solution 8,279



JOTTER PAD

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or −	1993 high	1993 low	Mkt CapGm	Yld Gr's
Abbott Labs		17¹⁵⁄₁₆xd	+⅛	20⅛	15⅞	15,812	2.5
Allegheny & W	♥	566½p	+27½	722p	398p	325.9	3.5
Amdahl		288½p	−12½	691p	294p	331.9	1.1
Amer Cyanamid		38⅞	−⅛	38⅞	31⅛	3,373	3.2
Amer Express		23⅞xd	+⅛	25⅞	14⅞	11,338	2.8
Amer T & T		37⅞xd	+⅛	43¼	33⅛	61,039	2.3
Ameritech		54⅞	−½	58¾	46	24,028	4.5
Anheuser-Busch		30¼	+¼	41¼	29⅞	8,509	3.1
BankAmerica		29¼xd	+¼	38½	27⅛	10,578	3.1
Bankers NY		64¼xd	+⅞	64¾	42⅞	4,478	3.8
Bell Atlantic		43⅛	+¼	43⅛	32¼	18,801	4.1
BellSouth		37½	−⅛	41	32⅞	18,525	5.0
Bethlehem Steel	♥	9⅛xd	—	13¾	8½	825.9	–
Bowater		1245pxd	+25	1682p	1189p	462.2	3.2
CPC		29⅞xd	+⅛	34⅞	26	4,589	2.9
California Engy		1146p	—	1479p	1085p	209.0	–
Chase Manhattan		24½xd	+⅛	24⅞	17⅞	3,824	3.3
Chrysler		31⅞xd	+⅞	32⅞	21¼	9,352	1.3
Citicorp		26xd	+½	26	13⅞	8,504	–
Colgate-Palm		36½xd	+⅛	45⅞	32	5,827	2.6
Cont'l Bank		1855p	+100	1877p	1278p	1,874	2.2
Dana		37⅞xd	−⅛	38⅞	29⅞	1,739	2.8
Data General		840p	—	951p	527p	176.6	–
Decora Inds	♥	101½p	—	148p	101½p	–	–
Dun & Brad		40⅞	+⅛	42¼	37⅛	7,288	4.0
Eaton		32	−⅛	36	25⅞	2,226	2.5
Echlin		20¼xd	+⅛	21⅞	15⅞	1,173	2.3
FPL		25¼xd	—	27⅞	23¼	4,678	6.4
Ford Motor		38¼xd	+⅞	37⅞	28⅞	17,834	2.9
Gen Elect		63¼xd	+⅞	67⅞	53⅞	54,818	2.7
General Host	♥	527½p	+35½	723p	456p	–	4.3
Gillette		38⅞xd	+¼	42⅞	31⅞	8,527	1.4
Hasbro		29⅞	—	29⅞	20⅞	1,819	0.8
Honeywell		23¼xd	+⅛	28½	20⅞	4,824	2.5
Houston Inds		29¼	—	33¼	28¼	3,853	6.7
Ingersoll-Rand		23¼xd	—	25⅞	19⅛	2,493	2.0
Lockheed		42¼	+⅛	45⅞	35¼	2,628	3.3
Lowe's		3242p	+76	3242p	1573p	2,365	0.7

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICALS - Cont.

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

مكتبة الأصيل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1993 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scot Asian Ptg	244	+5	244	138			
Warrants	625	+25	625	225	–	[illegible]	9.9
Scot East	79	+½	81½	69½	–	–	–
Scottish Inv	221	–½	224	183	2.4	91.4	13.8
Warrants	73	+½	73½	39	[illegible]	[illegible]	13.9
Scot Mortgage	219	+1	225	178	–	–	–
Scot National Inc	104	–	104	83	2.3	349.1	12.1
Cap	33	–1	37	19	9.0	–	–
Stepped Pf	157½	+½	158½	150¾	–	107.5	68.4
Zero Div Pf	229	+½	231½	207	4.8	–	–
Warrants	4	–	5	2½	–	–	–
Scot Value	97	–	97	71	–	–	–
Sec Alliance	1584	+3	1592	1330	2.3	98.5	0.5
Second Consid	163	–2	169	86	3.1	1732.8	8.7
Second HGSC	107	–	107	86	–	186.5	12.9
Second Market	400	–	400	[illegible]	–	–	–
Sec Tst Scot	90	+½	91	74½	9.8	414.3	3.6
Select Assets	158	–	167	109½	4.5	90.4	[illegible]
Eq Ind Sed	150xd	–	151	128	1.0	186.6	[illegible]
Eq Ind Serll	150xd	–	151	128	3.5	–	–
SHIRESCOT	143	–	144	[illegible]	3.5	–	–
Shires	285	–	291	231	4.8	139.4	–2.6
Siam Select	164	–	164	97	7.4	284.0	0.4
Smaller Cos	139	–	135	78	[illegible]	[illegible]	35.7
Warrants	57	–	57	14	2.5	127.5	–2.0
Sphere Inc	37	–½	37½	14	–	–	–
Zero Div Pf	91¼	–½	92¼	80¼	10.7	45.7	17.8
Units	925	–	925	785	–	–	–
Sumit	104	–	105	38	–	–	–
TR City of Lon	158½	–	154	126	1.7	101.5	–2.5
TR Euro Growth	125	–	128	76	4.0	144.6	–4.1
Ptg Sub	75	–	75	27	1.7	129.1	3.5
TR Far East Inc	181	+3½	184	112	2.3	–	–
Warrants	59½	+1½	69½	22	[illegible]	[illegible]	0.3

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

STORES

PLANTATIONS

MINES

MINES - Cont.

Notes	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's
Europa Res	34	+1	42	16	18.4	–
Glencar Expl	11	–	12	6	2.08	–
Greenwich Res	15¼	+½	22¼	5	11.8	–
Hemlo Gold C$	[illegible]	–	[illegible]	23½	618.9	1.8
Ivernia West	39	–	57	31	19.5	–
Kalla Minda	12	–	14	6	0.29	–
Kenmare	6½	–¼	13½	6	8.81	–
Meridian Res	8	–	22½	7½	0.88	–
Nevsun Res	99	–	102	25	18.9	–
5pc Ln Notes	96½	–	96¼	25	17.0	–
Oryx Gold	73½	–	78½	47	–	–
Ovoca Res	8	–	8	3½	0.88	–
RTZ	695	–4	746	607	7,099	4.0

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

□ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
♦ Figures or report awaited
♦ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ Free annual/interim report available, see details below.
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
# Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.
♦ Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♦ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1225 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring 081 643 7181 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT3973. [If calling from outside UK, dial +44 81 643 7181 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✠) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries 0277 227300 Dealing 0277 690300						
Equity	6	781.3	781.3	835.6	-2.8	2.81
North America	6	123.6	123.6	132.2	-0.5	0.07
Far East	6	142.9	142.9	152.8	+0.8	0.28
W'wide Bond	6	62.76	62.76xd	66.62	-0.20	5.22
European	6	93.94	93.94xd	100.5	-1.0	0.76
Equity Income	6	90.73	91.41	97.77	-0.43	3.85
Portfolio	6	81.45	81.45	87.11	-0.26	0.63
UK Leading Cos	6	56.63	56.23	59.82	-0.23	2.80
Besier Trusts						
Intnl Equity	6	82.98	83.45	87.86	+0.01	-
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingview, Basingstoke, Hants 0800 528755						
American Growth	6	33.74	33.79xd	36.14	-0.06	0.56
Managed Assets	6	125.48	126.26	135.94	-0.60	2.69
UK Income	6	39.30	39.61	42.37	-0.20	2.84
UK Growth	6	37.75	38.08xd	40.74	-0.21	2.10
Worldwide Growth	6	32.70	32.81xd	35.10	-0.16	0.56
Sun Life Trust Mngmt Ltd (1200)H						
101, Cannon St, London EC4N 5AD						
Admin & Enq: 071-606 4044 Dealing: 071-606 6010						
Master Portfolio	5¼	45.78	45.78xd	48.98	+0.02	0.44
Amer Growth Acc	5¼	58.20	58.20	62.25	+0.38	0.00
Cap Protector Acc	5¼	49.28	49.60xd	53.37	-0.16	2.52
Cap Protector Inc	5¼	40.89	41.40xd	44.29	-0.16	2.52
Euro Growth Acc	5¼	81.03	81.03	86.48	-0.58	0.49
Far East Gwth Acc	5¼	130.43	130.43	139.58	-0.17	0.00
Japan Growth Acc	5¼	116.24	116.24xd	124.16	-1.07	0.00
UK Growth Acc	5¼	73.08	73.08	78.14	+0.02	1.74
UK Income Acc	5¼	73.98	73.98	79.12	-0.27	3.00
UK Income Inc	5¼	51.93	51.93	55.54	-0.19	3.00
Magd Extra Income Inc	5¼	32.25	32.25xd	34.49	-0.09	3.60
Magd Extra Income Acc	5¼	36.44	36.44xd	38.94	-0.11	3.60
Magd Growth Acc	5¼	90.04	90.04	96.30	-0.41	0.74
Magd High Yield Inc	5¼	79.61	79.61	85.14	-0.20	3.79
Magd High Yield Acc	5¼	97.57	97.57	104.35	-0.24	3.79
Magd Inc & Gth Inc	5¼	75.10	75.10	80.32	-0.30	2.97

	Bid Price	Offer Price	+ or -	Yield Gross
M & G Securities Ltd				
Charibond (z)		119.45	-0.1	8.09
(Accum Units)		836.11	-0.4	9.03
NAACIF (z)		49.80	-	4.76
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † Oct 12	182.5	187.8	-	3.73
UK Small Co † Oct 12	848.5	874.2	-	3.01
Fixed Int'l Ext † Oct 12	131.1	131.9	-	8.96
Intl Bond Oct 12	147.7	150.0	-	7.82
Morgan Stanley International				
UK Exempt MAV	£1492.95		-	-
Overseas Exempt NAV	£1417.60		-	-
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
American Exempt	65.63	66.21	+0.29	1.21
European Exempt	60.71	62.59	-0.36	2.30
Fixed Int Ex Oct 14	52.84	53.36xd	-1.47	7.89
Japan Exempt	60.14	62.01	-0.59	0.82
Managed Ex Oct 14	56.27	57.77xd	-1.27	2.98
SE Asia Exempt	134.68	140.69xd	+1.00	1.76
Sm Cos Expt Oct 14	45.96	48.29	+0.29	2.84
UK Eqty Ex Oct 14	48.63	50.44	-0.63	3.96
NatWest Investment Management Ltd				
Smaller Cos Aug 26	6026	6330	-	3.37
PDFM Unit Managers Ltd				
Small Co's Oct 6	871.38	900.78xd	-	2.82
Do Accum	1059.96	1094.76	-	2.82
Int Expt Oct 14	282.53	288.08xd	+4.56	1.4
UK Index Oct 5	1469.65	1479.78xd	-	3.75
Do Accum	1718.01	1731.22	-	3.75
Convertible Oct 11	119.83	121.45xd	-	6.56
World ex UK Index Oct 12	1084.12	1084.02	-	1.74
Do Accum	1084.12	1084.02	-	1.74
Japan Index Oct 12	801.18	806.70	-	0.50
Do Accum	807.93	815.90	-	0.50

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				
Prufund				
Managed Oct 6	321.9	335.4	—	–
Prudential Corporate Pension Funds				
55 King's Road, Reading RG1 3AH 0734 494852				
Prudential Managed Funds				
Discretionary Oct 6	£250.42	258.32	+2.25	–
Equity Oct 6	£222.36	392.27	+3.82	–
International Oct 6	£42.04	43.13	+0.05	–
Intl Bond Oct 6	£21.01	21.88	-0.14	–
Fixed Int Oct 6	£130.29	134.80	+0.49	–
Index Linked Oct 6	£97.41	98.62	+0.65	–
Property Oct 6	£115.45	122.22	-0.41	–
Cash Oct 6	£34.06	34.08	+0.03	–
Pru-Linked Retirement Plan				
Managed Oct 6	587.70	612.30	+4.10	–
Cash Oct 6	308.10	321.00	+0.50	–
Prudential Pensions Investment Account				
Pens Mixed	236.40	254.30	+0.40	–
Pens Mixed A	105.90	111.50	+0.20	–
Pens UK Eq	401.20	432.50	+0.40	–
Pens Intl	300.80	332.39	+1.20	–
Pens Global Eqty	134.50	141.60	+0.20	–
Pens Fixed	299.70	316.40	+0.80	–
Pens Index Lk	245.90	259.10	+0.20	–
Pens Property	92.80	97.70	—	–
Pens Cash	201.20	211.90	+0.12	–
Money Purchase Plan				
Discretionary (z)	137.80	145.70	+0.10	–
Equity (z)	140.50	151.20	-0.10	–
International (z)	136.30	145.40	+0.60	–
Global Equity (z)	138.50	148.60	+0.10	–
Intl Bond (z)	150.70	158.60	+0.20	–
Fixed Interest (z)	150.10	158.60	+0.20	–
Index Linked (z)	135.10	142.20	—	–
Property (z)	104.70	115.20	—	–
Cash (z)	116.40	122.20	—	–
Prudential Individual Life Funds				
55 King's Road, Reading, RG1 3AH 0734 494852				
Series I Life Funds				
Managed	753.7	793.4	-0.4	–
Equity	1456.1	1532.8	-3.4	–
Fixed Interest	605.2	637.1	-0.7	–
Property	396.9	417.8	+0.5	–

	Bid Price	Offer Price	+ or -	Yield Gross
Scottish Amicable - Contd.				
Others				
Capital Guarantee Bond	105.7	111.3	—	–
Scottish Equitable Life Assce. Soc.				
28 St Andrew Sq, Edinburgh 031-556 9101				
Mixed	242.2	256.0	-0.4	–
UK Equity	230.9	243.0	+0.2	–
International	244.2	257.0	-1.9	–
American	244.2	257.0	+0.7	–
European	229.8	241.9	-2.4	–
Japan	244.5	257.4	-1.9	–
Pacific	347.4	365.7	-1.2	–
Technology	318.6	335.4	-0.5	–
Fixed Interest	181.1	190.6	-0.5	–
Indexed Linked	164.8	173.3	-0.1	–
Foreign Bond/Currency	230.0	242.1	-0.8	–
Cash	174.850	184.080	+0.024	–
Ethical	125.5	132.1	+0.2	–
Pens Mixed	702.8	739.8	-1.0	–
Pens UK Equity	783.7	824.9	-1.8	–
Pens International	756.6	796.7	-2.5	–
Pens Nth American	244.9	257.8	+1.3	–
Pens European	272.7	287.0	-2.9	–
Pens Japan	294.3	309.8	-2.3	–
Pens Pacific	429.4	452.1	+1.9	–
Pens UK Fixed Interest	376.1	395.9	-0.2	–
Pens Index Linked	204.4	218.2	—	–
Pens Cash	279.110	293.800	+0.041	–
Pens Property	215.51	226.85	—	–
Pens Ethical	162.8	171.4	+0.6	–
Edinburgh Inv	369.4	389.7	—	0
Baillie Gifford Japan	259.1	272.7	-2.0	–
Pens Global	95.1	100.2	-0.3	–
Pens Emerg Mkts	103.6	109.1	+0.8	–
Pens Overseas Bond	95.1	100.1	-0.3	–
Scottish Life Investments				
19 St Andrew Square, Edinburgh 031-225 2211				
Property	183.3	193.0	—	–
UK Equity	339.3	357.2	—	–
American	248.0	261.1	+0.4	–
Pacific	343.4	361.5	+0.3	–
European	448.9	472.6	-1.2	–
International	300.6	316.5	-0.1	–
Fixed Interest	249.5	259.5	-0.6	–

MANAGEMENT SERVICES

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

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JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE

ERM pressures increase

PRESSURE on the European exchange rate mechanism built up yesterday as financial markets scented blood and hit the French and Belgian francs *writes Peter John.*

Speculator anger at the refusal by the former core currencies of the ERM to cut their interest rates was intensified by a half-point easing from the Bank of Spain. There was also an easier tone in Denmark where some rates were brought down to the 8.5 per cent level of the seven day C.D. which was set on Monday.

The Belgian National Bank had elicited the help of the US Federal Reserve during overnight dealing and dealers said the Fed bought between DM10m and DM15m before Europe opened.

Nevertheless the Belgian currency, slipped below BFr22 against the German currency soon after Europe opened and the Belgian National Bank was forced to intervene sporadically throughout the day.

The market remains convinced that short-term rates of around 10 per cent are unsustainably high for a country that has inflation of only 2.8 per cent.

Mr Adrian Cunningham, the chief economist at UBS said: "The view in the market seems to be that the Belgians are not going to be able to sustain the BFr22 level through intervening without also using the weapon of higher interest rates."

The sell-off spilled over into the French franc which reached lows unseen since shortly after the August ERM crisis which forced a widening of currency fluctuation bands to 15 per cent.

The French currency tumbled to FFr3.5425 against the D-Mark in intraday trading. That was just down from its lowest point for more than 12 months – FFr3.5422 – which was reached on August 16. It recovered in late trading to close at FFr3.5300, down from FFr3.5290 previously. However, there was little sense of relief. One trader said: "Today's moves are consistent with the gradual weakening of the former ERM core members."

The Bank of Spain's decision to reduce its key money rate by half a percentage point to 9.5 per cent helped the Spanish peseta even though a rate cut would normally tend to weaken a currency. The Spanish currency closed at Pta80.96 against the D-Mark, down from Pta81.29.

The dollar picked up smartly on the knock-on effect of a big trade in Australian dollars and Japanese Yen. One investor sold Yen very heavily to buy Australian dollars. This was followed by active dealing in the cross and the subsequent weakness of the yen saw it fall to Y107.45 against the dollar, down from Y106 previously.

That boost for the dollar helped it to pick up against the D-Mark and pound. It closed up at DM1.161.40 against DM1.6035 and at $1.5130 to the pound against $1.5225.

Sterling was broadly sluggish in spite of relatively encouraging news on employment.

£ IN NEW YORK

Oct 14	Latest	Previous Close
£ Spot	1.5130-1.5140	1.5225 1.5235
1 month	0.36-0.35pm	0.37 0.35pm
3 months	0.93-0.91pm	0.97 0.94pm
12 months	3.00-2.93pm	3.05 2.95pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Oct 14	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator‡
Dutch Guilder	2.19672	2.13336	-2.88	7.12	-
D-Mark	1.94964	1.89636	-2.73	6.96	-
Spanish Peseta	154.250	154.066	-0.12	4.16	1
Irish Punt	0.808628	0.809396	0.09	3.94	-1
Portuguese Escudo	192.854	196.785	2.04	1.96	-14
French Franc	6.53883	6.71167	2.65	1.35	-22
Danish Krone	7.43679	7.73077	3.93	0.10	-27
Belgian Franc	40.2123	41.9049	4.84	0.00	-29

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Divergence values only. Divergence indicators are based on 15% band limitations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England (Base Average 1985=100). **Rates are for Oct 13

OTHER CURRENCIES

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls November	Calls December	Calls March	Puts November	Puts December	Puts March
122	-	2.39	-	0.02	0.10	-
123	1.34	1.51	-	0.04	0.22	-
124	0.52	0.82	-	0.22	0.62	0.18
125	0.10	0.36	-	-	1.07	0.30
126	0.01	0.12	3.05	-	-	0.47
Open int	30,236	191,109	55,570	25,451	166,404	50,[illegible]

Estimated volume 32,526 † Total Open Interest 521,482

† All Yield & Open interest figures are for the previous day.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5739	1.5556	1.5036	1.4983	1.4637

* Contracts traded on APT. Closing prices shown.

MONEY MARKETS

Interest rate falls seen

BELIEF that interest rates would fall in the UK was maintained yesterday, in spite of a moderate drop in unemployment, while lower Spanish rates gave hope that a trend of easier money might be emerging in Europe, *writes Peter John.*

Short sterling futures were higher in the morning on the belief that there might be an increase in the number of unemployed during September. A rise would have underlined the weakness in the economy and reinforced the need for lower rates.

UK clearing bank base lending rate
6 per cent
from January 26, 1993

When the seasonally adjusted figure came in with a drop of 13,600 in the jobless total, the sterling futures contract for December fell initially. From a high of 94.51 it hit a low of 94.44.

However, the sell-off was short-lived as economists took a harder look at the figures and decided they were less encouraging than first thought.

Also, the decision by the Bank of Spain to cut its key lending rate by half a percentage point to 9.5 per cent gave some hope that, in spite of the hard-line approach by the central banks of Belgium and France in recent days, European rates may be about to fall further. Lower rates in continental Europe would give a greater margin for easier lending conditions in the UK.

In the event, short sterling was steady at 94.47 at the end of dealing and drifted down a couple of basis points during unofficial trading. Meanwhile short-term money rates were around 1/16 per cent lower although marketmakers said the easier money was merely responding to Wednesday's rally in the futures market.

Certainly, short rates were under no pressure from interbank dealing yesterday. An early forecast shortage of £1.5bn was almost all taken out at the start of Bank of England operations.

The Bank bought £1.25bn of bills at 5 23/32 per cent for resale on November 3 and 4. It also bought a further £125m of bills. At midday, the shortage was revised to £1.6bn and the Bank of England bought an additional £230m of bills taking assistance to just over £1.6bn.

● German call money was quoted at 6.7 per cent down from 6.8 on Wednesday, following the generous allocation of funds in this week's repo tender. The fall in the overnight rate prompted some dealers to look for a 5-basis point cut in next weeks repurchase agreement rate.

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct 14)	3 months US dollars		6 months US Dollars
bid 3 1/4	offer 3 3/8	bid 3 1/4	offer 3 3/8

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	3.03	Three year	4.04
Broker loan rate	5	Two month	3.05	Five year	4.61
Fed.funds	3	Three month	3.07	Seven year	4.79
Fed.funds at intervention	-	Six month	3.19	10-year	5.22
		One year	3.32	30-year	5.85
		Two year	3.79		

Oct 14	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.65-6.75	6.70-6.85	6.65-6.80	6.55-6.70	6.35-6.45	7.25
Paris	6 15/16-7 1/16	7.00-7.20	-	6.91-7.11	-	6.75
Zurich	4 [illegible]	4 [illegible]	-	4 [illegible]	-	-
Amsterdam	6.38-6.43	6.42-6.47	-	6.33-6.38	-	-
Tokyo	2 1/2-2 [illegible]	-	-	2 [illegible]-2 1/2	-	-
Milan	8 [illegible]-9 1/2	8 [illegible]-8 7/8	-	8 [illegible]-8 7/8	-	-
Brussels	-	10 1/4-10 [illegible]	-	9 7/8-10 1/8	-	-
Dublin	6 [illegible]-6 [illegible]	6 [illegible]-7 [illegible]	6 3/4-7	6 3/4-7	6 5/8-6 3/4	-

LONDON MONEY RATES

[illegible]

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Rea Brothers	6
Allied Trust Bank	6	Duncan Lawrie	6	*Roxburghe Bank Ltd	6
AIB Bank	6	Exeter Bank Limited	7	* (in administration)	
●Henry Ansbacher	6	Financial & Gen Bank	7	Royal Bk of Scotland	6
B & C Merchant Bank	13	●Robert Fleming & Co	6	●Smith & Williman Secs	6
Bank of Baroda	6	Girobank	6	Standard Chartered	6
Banco Bilbao Vizcaya	6	●Guinness Mahon	6	TSB	6
Bank of Cyprus	6	Habib Bank AG Zurich	6	●United Bk of Kuwait	6
Bank of Ireland	6	●Hambros Bank	6	Unity Trust Bank Plc	6
Bank of India	6	Heritable & Gen Inv Bk	6	Western Trust	6
Bank of Scotland	6	●Hill Samuel	6	Whiteaway Laidlaw	6
Barclays Bank	6	C. Hoare & Co	6	Wimbledon & Sth West	7
Brit Bk of Mid East	6	Hongkong & Shanghai	6	Yorkshire Bank	6
●Brown Shipley	6	Julian Hodge Bank	6		
CL Bank Nederland	6	●Leopold Joseph & Sons	6		
Citibank NA	6	Lloyds Bank	6		
City Merchants Bank	6	Meghraj Bank Ltd	6		
Clydesdale Bank	6	Midland Bank	6		
The Co-operative Bank	6	Mount Banking	6		
Coutts & Co	6	NatWestminster	6		
Credit Lyonnais	6	Nykredit Mortgage Bnk	6.5		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

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WORLD STOCK MARKETS

CANADA

TORONTO

4 pm close October 14

INDICES

NEW YORK

DOW JONES	Oct 13	Oct 12	Oct 11	Oct 8	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3603.19	3593.13	3593.41	3584.74	3652.09 (25/8)	3241.95 (20/1)	3652.09 (25/8/93)	41.22 (2/7/32)
Home Bonds	108.29	108.33	108.39	108.32	108.69 (13/9)	103.49 (11/1)	108.69 (13/9/93)	54.99 (1/10/81)
Transport	1845.23	1837.11	1846.94	1836.25	1683.08 (16/4)	1453.84 (4/1)	1683.08 (16/4/93)	12.32 (8/7/32)
Utilities	240.51	241.75	243.21	243.80	256.46 (31/8)	217.14 (8/1)	256.48 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's High 3620.34 (3618.39) Low 3574.12 (3575.24) (Theoretical♦) Day's High 3608.22 (3602.63) Low 3589.86 (3698.63) (Actual♦)

STANDARD AND POOR'S

	Oct 13	Oct 12	Oct 11	Oct 8	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	461.49	461.12	460.88	460.31	463.56 (31/8)	429.05 (8/1)	463.56 (31/8/93)	4.40 (1/6/32)
Industrials♥	522.43	521.82	521.82	519.98	524.09 (10/3)	486.48 (26/4)	524.09 (10/3/93)	3.62 (21/6/32)
Financial	48.85	48.29	48.02	48.09	48.40 (28/9)	38.89 (8/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Composite	256.75	256.67	256.30	255.81	256.86 (31/8)	238.21 (8/1)	256.88 (31/8/93)	4.46 (25/4/42)
Amex Mkt. Value	475.85	470.50	467.59	464.70	475.85 (13/10)	395.84 (8/1)	475.85 (13/10/93)	29.31 (9/12/72)
NASDAQ Composite	778.97	772.46	767.65	764.27	778.97 (13/10)	645.87 (26/4)	778.97 (13/10/93)	54.87 (31/10/72)

	Oct 8	Oct 1	Sep 24	year ago (approx.)
Dow Industrial Div. Yield	2.84	2.85	2.88	3.31
	Oct 6	Sep 29	Sep 22	year ago (approx.)
S & P Industrial div. yield	2.45	2.49	2.51	2.70
S & P Ind. P/E ratio	27.86	27.75	27.52	27.40

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

"Saturday October 9: Taiwan Weighted Price; 3985.88, Korea Comp Ex; 712.35. ♥ Subject to official recalculation. *Calculated at 15.00 GMT.

TOKYO - Most Active Stocks

Thursday, October 14, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Fujitsu Ltd	5.0m	851	-6	Hitachi	2.1m	825	-11
Nippon Steel	4.9m	327		Showa Sangyo	2.0m	687	+17
Kawasaki Steel	3.1m	340	+10	NKK Corp	1.9m	273	+1
Mitsubishi Heavy	2.7m	682		Nippon Comsys	1.9m	1,200	+10
Janome Sewing	2.7m	359	+24	Suzuki Motor	1.8m	970	+25

4 pm close October 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chg'e Prev. Close
14 5/8	11 1/2	AAR Corp	0.48	3.6	658	98	13 1/2	13 1/4	13 3/8	
28 3/8	13 3/4	A L Labs A	0.18	1.0	35	375	17 7/8	17 1/2	17 3/4	-1/8
67 1/4	54 5/8	AMP Inc	1.60	2.5	22	1116	64 5/8	64 1/8	64 1/4	+1/8
72 7/8	55 1/2	AMR			17	3688	65 1/2	64 1/2	65 1/8	-1/8
3 7/8	1 3/4	ARX			14	238	d3 7/8	3 5/8	3 3/4	-1/8
51 1/2	29 7/8	ASA	2.00	4.4	30	337	47	45 7/8	45 7/8	-1/2
30 3/4	22 5/8	Abbott Lab	0.68	2.5	16	12648	27 1/4	26 3/8	27 1/8	+7/8
12 5/8	8 1/4	Abitibi Pr	0.50	5.9	3	2	8 1/2	8 1/2	8 1/2	
15 3/8	8 1/4	Acptncetn			48	596	u15 5/8	15 1/8	15 5/8	+3/8
35	25 1/2	ACE Ltd	0.92	2.8		338	33 1/4	33 1/8	33 1/8	+1/8
12	10 3/4	ACM Gvt In	0.96	8.4		565	11 3/8	11 1/4	11 3/8	+1/8
10	9 1/8	ACM GvOpp x	0.80	8.0		53	u10	9 7/8	10	
9 7/8	8 3/4	ACM Gvt Sp x	0.80	8.2		150	9 3/4	9 5/8	9 3/4	
11 5/8	10 1/2	ACM Gvt Se x	0.96	8.3		228	11 1/2	11 3/8	11 1/2	
11 5/8	9 5/8	ACM Man x	1.08	9.3		161	u11 5/8	11 1/2	11 5/8	
9 3/8	8 5/8	ACM Mangd x	0.72	7.8		68	9 1/4	9 1/8	9 1/4	
12 3/8	7 1/4	Acme Cleve	0.44	4.6	12	174	9 5/8	9 3/8	9 1/2	-1/8
9 3/4	6 3/8	Acme Elect			59	234	8 5/8	7 7/8	8 3/8	+1/2
27 5/8	18 3/8	Acordia	0.44	1.8	14	846	25 1/4	25	25	-1/2
16	10 3/8	Acuson			35	535	12 5/8	12 1/8	12 5/8	+1/2
21 3/4	18 1/4	Adams Expr	0.48	2.5	0	250	19	18 7/8	19	
66 1/4	45 1/2	Ad Micro	3.00	6.1		930	49 7/8	49	49 3/8	-1/8
32 3/4	17 5/8	Ad Micro P	3.00	15.1	71	2707	20 1/4	19 1/2	19 7/8	-1/8
7 3/4	5 1/2	Advest Grp	0.16	2.1	13	538	u7 3/8	7 3/8	7 3/8	
24 3/4	14 1/4	Advo Inc	0.08	0.5	16	2501	15 1/4	15 1/8	15 1/8	-1/8
50 5/8	41 1/8	Aegon ADR	1.23	2.4	10	13	u50 3/4	50 5/8	50 5/8	+1/8
62 3/8	43 3/8	Aetna Lf	2.76	4.3	44	3378	u64 1/8	62	64	+2 5/8
34	26 1/2	Aflac	0.40	1.3	15	711	30 3/4	30 1/2	30 1/2	-1/8
[illegible]										

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4 pm close October 14

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
22	16½	S Anita Rlt x	1.36	7.1	17	31	18⅞	19¼	19¼	
20¾	14⅞	SCOR US Cp	0.32	2.0	204	150	16¾	16⅜	16⅜	-⅜
30	20	SPS Techno	1.28	4.3	22	32	u30	29⅞	30	+⅛
15⅞	12⅞	Sabine Rlt x	1.74	11.4	10	28	u15⅞	15¼	15⅜	
14	8⅞	Safecard	0.20	1.5	13	186	13⅞	13¼	13¾	
23½	16⅞	Safeg'd Sc			10	19	22⅛	21⅞	21⅞	-⅛
24⅞	14⅛	SafetyKln	0.36	2.5	22	1958	14⅞	d14⅛	14⅜	-⅛
21⅛	10⅞	Safeway			26	1980	u21¼	20⅞	21⅛	+⅛
4⅞	2	SafewayWS8				130	4¾	4⅜	4⅜	
55	37½	StJoePaper	0.20	0.4	144	98	49⅛	48¾	49⅛	+⅛
37⅞	31	StJoeL&P	1.76	5.0	14	4	35½	35½	35½	-⅛
94	75	St Paul's	2.80	3.1	14	2368	91⅛	88¼	90⅞	+3⅛
11⅞	7½	Salant Crp			4	842	8⅛	8	8⅛	+⅛
75¼	39⅞	Sallie Mae	1.20	2.6	10	4630	47⅜	46⅝	46⅝	-½
14¼	13	Salomon Br	0.32	2.3		2020	u14⅞	13¾	14	+⅛
51⅞	34	Salomoninc	0.64	1.3	12	4146	50½	49⅝	49¾	-⅛
27¾	23¼	SanDgo G&E	1.48	5.6	14	582	26¼	25⅞	26¼	+¼
5	3½	SantaFeEDu	0.40	8.2	48	10	4⅞	4⅞	4⅞	
11⅞	8⅛	SantaFeEfs	0.16	1.8	508	878	10⅛	10	10⅛	+⅛
40¾	35¾	SantaFePac	2.80	7.2	13	160	39⅛	38¾	38⅞	+½
19⅝	12¾	SantaFPac	0.10	0.5	12	4125	19½	19⅛	19¼	-¼
31⅛	21	Sara Lee	0.68	2.2	18	14416	26⅞	25¼	26⅞	+1⅛
51⅞	40⅛	Scana Corp	2.74	5.3	15	411	51⅞	50⅞	51¼	+⅛
25¼	21¼	Seacorp	1.42	6.5	13	8012	22⅛	21⅝	22	+⅛
38⅞	23⅞	SchererRP			27	156	32⅞	32¼	32¾	+½

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Price data supplied by Telekurs

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NASDAQ NATIONAL MARKET

4 pm close October 14

[illegible]

AMEX COMPOSITE PRICES

4 pm close October 14

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AMERICA

Inflation data helps to lift US stocks

Wall Street

GOOD inflation and earnings news, declining bond yields, and more positive fallout from Wednesday's big merger deal helped US stock markets post strong gains yesterday, lifting most indices to record highs in the process, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up *18.16 at 3,621.35. The more* broadly based Standard & Poor's 500 was up 4.49 at 465.96, while the Amex composite was up 4.12 at 479.97, and the Nasdaq composite up 6.43 at 785.40. Trading volume on the NYSE was 206m shares by 1 pm.

NYSE volume

Release of the September producers prices index had *been eagerly awaited by inves*tors, and when it came out yesterday morning they were not disappointed. The PPI rose only 0.2 per cent last month, and the "core" index (minus the volatile food and energy components) was actually flat in September.

The figures confirmed that inflation remains unthreatening, and sparked a strong rally in bond prices, lowering the yield on the 30-year issue to a new all-time low of 5.855 per cent.

The good inflation news and the fall in bond yields set the stage for early rises in stock prices, although it was not until a round of computerised buy programs hit the markets mid-morning that prices began to put up substantial gains.

Chrysler led the markets higher with a gain of $3¼ at $51¾ after reporting third quarter earnings of $1.13 a share, almost double the 62 cents a share earned at the same stage last year. The news lifted other car stocks, with General *Motors advancing $1¼ to $44⅞* and Ford adding $2⅜ at $57⅞, all in heavy trading.

Bell Atlantic continued to reach new highs, rising another $2⅜ to $68¾ as analysts welcomed its planned merger with TCI. The latter, *traded on the Nasdaq market,* rose $1⅜ to $33, and partially-owned subsidiary Liberty Media rose $2¼ to $31⅞.

Other cable stocks were higher as investors went in search of the next potential merger or bid prospect. Time Warner rose $1⅜ to $46¼, *Cablevision* added $1⅞ at $65⅛, and Comcast climbed $1¼ to $40⅞.

JP Morgan fell $⅝ to $77⅞ in spite of another strong quarterly earnings report. Analysts said some investors were disappointed that the bank's trading revenues did not match the second quarter's record total.

Canada

TORONTO was stronger at *midsession with the TSE-300* composite index up 17.40 at 4,129.19.

Among the sub-indices oil and gas put on 18.12 to 5,065.93.

Volume was some 39m shares at 1 pm.

SOUTH AFRICA

GOLD shares recovered slightly from intraday lows but the index remained down 17 at 1,760 by the close. Elsewhere the industrial index was down 10 at 4,528 and the overall index off 12 at 3,925. De Beers gained R1.60 to R85.

EUROPE

Zurich registers fifth consecutive record high

Bourses moved in different directions yesterday, *writes Our Markets Staff.*

ZURICH refused to be diverted from its record setting ways and share prices registered a fifth consecutive closing high. The SMI index added 15.4 to 2,586.4, supported by the firm dollar, lower money market rates and technical trade connected with the expiry of options and futures today.

Sandoz registered shares added SFr30 to SFr3,300 with its nine months figures proving in line with expectations.

Ciba-Geigy registered shares shed SFr8 to SFr710 in continued response to Wednesday's warning that full year profits would be higher but the rise would be limited by economic conditions.

Nestlé was actively traded, rising SFr23 to SFr1,142 on futures related buying by foreign investors.

Surveillance, the quality control group added SFr45 to *SFr1,840 ahead of* an extraordinary shareholders meeting today which will decide on a share capital cut.

FRANKFURT fell for the second time this week below the 2,000 level in trading that was largely dominated by the expiration of futures and options today.

The DAX index ended down 11.44 at 1,990.07 in turnover down to DM7.4bn from DM8.5bn.

In a declining market Schering was one of the day's exceptions as investors continued to flock to the stock on news earlier this week that it intended to increase production of its drug used in the treatment of multiple sclerosis. The shares put on DM44 or 4 per cent to DM1,113.

Allianz slipped DM27 or 1 per cent to DM2,680. Merrill Lynch has recommended a switch out of Allianz into Munich Re, down yesterday DM30 to DM3,420, on the basis that, by comparison, the latter is undervalued at present. Merrill commented that Munich Re, as the largest pure European insurer, should benefit the most from an improvement in prospects for the reinsurance industry.

FT-SE Actuaries Share Indices

October 14								THE EUROPEAN SERIES
Hourly changes	Open	11.30	12.00	13.00	14.00	15.00	16.00	Close
FT-SE Eurotrack 100	1311.47	1311.20	1311.78	1311.96	1311.53	1313.86	1314.59	1315.57
FT-SE Eurotrack 200	1388.54	1387.31	1387.75	1387.98	1390.90	1392.18	1390.93	1391.70

	Oct 13	Oct 12	Oct 11	Oct 8	Oct 7
FT-SE Eurotrack 100	1317.05	1315.91	1319.96	1321.16	1317.78
FT-SE Eurotrack 200	1391.36	1393.81	1401.02	1405.46	1401.97

Base value 1000 (26/10/90) High/day: 100 - 1315.68; 200 - 1392.58 Low/day: 100 - 1310.80 200 - 1386.40

PARIS reflected disappointment that interest rates had been left unchanged, given expectation on Wednesday that a cut was imminent. The decision may also have prompted further speculation against the franc, while Mr George Soros, in an interview with a German magazine, argued that the French authorities should cut short term rates drastically to motivate the economy.

The CAC-40 index closed down 13.40 at 2,113.88 in turnover of some FFr3bn.

Kleinwort Benson in its latest monthly review of the market maintains an overweight position on the assumption that interest rate cuts will come in the near term. Lowering their target for short term rates to 6 per cent by the end of the year from 4 per cent previously, they comment that given that France has underperformed both Germany and Europe recently a correction seems overdue.

BSN lost FFr16 to FFr854 in *reaction to its announcement* that it will launch a new promotional campaign tomorrow which is aimed at reducing its loss of market share. Some commentators noted that the cost of the campaign is likely to outweigh immediate benefits.

MADRID put in a firm performance as the Bank of Spain took advantage of this week's good underlying inflation figures and the stability of the peseta to cut its key money rate to 9.5 per cent from 10 per cent.

The general index rose 1.88 to 296.83 with some of the best performances seen in the recently underperforming utilities sector.

BRUSSELS rose on expectations that interest rates might be cut as the local currency again came under pressure. The Bel-20 index added 14.26 to 1,362.71 in turnover of BFr2.2bn. Among the day's main leaders, Solvay rose 5.3 per cent to BFr13,400 but off the day's high of BFr13,700.

AMSTERDAM continued to build on Unilever which has been gaining ground recently on news *that branded goods* groups are maintaining market share in the US. The shares closed up a further Fl 4.10 to Fl 207.90 as the CBS Tendency index put on 0.6 to 129.4. Philips added 60 cents to Fl 36.80.

MILAN *marked time* as investors closed positions on the last day of the October trading account and prepared for the forthcoming flurry of rights issues beginning with Fiat's issue today. The Comit index rose 0.61 to 568.64.

Fiat shed L87 to L5,623 while Italmobiliare, which is also seeking capital, shed L960 or 2.7 per cent to L34,560.

A technical recovery was seen in the ordinary stocks of a number of privatisation candidates that have been marked down this week as investors switched into savings shares.

Credito Italiano rose L27 to L2,233 while BCI finished L19 ahead at L4,369.

Written and edited by John Pitt and Michael Morgan.

ASIA PACIFIC

Markets on the Pacific Rim continue to move ahead

Tokyo

SHARE PRICES initially slipped below the 20,000 level but later recouped losses on buying by arbitrageurs and public funds, and the Nikkei index finally closed marginally higher, *writes Emiko Terazono in Tokyo.*

The 225 issue index rose 44.41 to 20,082.81, having fallen to *the day's low of 19,911.89 in the* morning session on mounting pessimism over the economic outlook. However afternoon buying by public funds, arbitrageurs, and bargain hunting by institutional investors supported shares, and the index hit the day's high of 20,096.91 just before the close.

Volume was 260m shares against 233m. Declines led advances by 581 to 417, with 167 issues remaining unchanged. The Topix index of all first section *stocks fell* 0.32 to 1,645.21 and, in London, the ISE/Nikkei 50 index rose 1.46 to 1,276.

A spate of weak interim profit announcements from leading retailers highlighted sluggish consumer demand. Reports of low winter bonus payments due to poor corporate profits also depressed sentiment.

Janome Sewing Machine, a speculative favourite during the late 1980s, rose Y24 to Y359 *on active trading by foreign* investors.

Daiwa Securities, which revised up its profit forecast because of better than expected bond trading results, rose Y10 to Y1,390. Yamaichi Securities gained Y17 to Y800 but Nomura Securities, the industry leader, lost Y10 to Y1,980.

Marubeni, which was sold before an announcement of a Y23bn special loss on Wednesday, rose Y18 to Y520 on bargain hunting. The company *said that it will offset* the loss with extraordinary profits by sales of long-term stock holdings.

Retailers, fell on expectations of poor earnings figures. Daiei, the leading supermarket chain, lost Y40 to Y1,430 and Family Mart fell Y240 to Y6,780.

Sakata Seed, a seed and seedling producer, gained Y120 to Y3,790. Some investors hoped that this year's poor harvest due to the cold summer *weather, would support* demand for seeds.

In Osaka, the OSE average fell 110.02 to 22,141.19 in volume of 19.3m shares. Nintendo, the video game maker, fell Y330 to Y7,950.

Roundup

A FURTHER day of strong performances from most of the region's markets. Bombay remained closed for the second day as brokers voted to continue strike action after tax authorities seized shares alleged to be have been owned by Harshad Mehta, the central figure in India's worst financial scandal.

HONG KONG saw another record high, gaining 119.44 or 1.4 per cent to 8,412.40.

Turnover was HK$5.8bn.

HSBC Holdings, which has a heavy index weighting, gained HK$1.00 to HK$85.50, helping to lift the market overall.

Utility stocks strengthened with *China Light* and Power, up HK$2.00 to HK$50.00, and Hong Kong Telecom, up 50 cents to HK$14.90.

In the property sector Henderson Land gained 80 cents to HK$28.50, Cheung Kong gained HK$1.00 to HK$31.75 and Sun Hung Kai Properties rose 75 cents to HK$46.00.

SINGAPORE saw its fourth consecutive rise with the SET index rising 24.07 to 2,077.95.

KUALA LUMPUR also added to Wednesday's rise with the *composite index closing* at a new record high, up 7.65 at 919.03.

SEOUL went against the regional trend, with the composite index losing 2.62 to 737.77 on sporadic profit-taking. Turnover was Won869bn.

TAIWAN was motivated by expectations that parliament would soon cut the stock transaction tax from 0.3 per cent to a maximum of 0.15 per cent.

The weighted index put on 18.59 to 4,013.10 in the heaviest *turnover since May at* T$38.2bn.

MANILA finished at its fourth consecutive record high on renewed foreign interest in Philippine Long Distance Telephone and other market leaders. PLDT saw a record close of 1,750 pesos, up 30 pesos.

The composite index rose 24.72 to 2,136.75 in turnover of 639.47m pesos.

AUSTRALIA moved further ahead, with the All Ordinaries index adding 23.4 to 2,062.0.

News Corp was the major influence on the market, its shares closing up 38 cents at A$11.10, helping to lift the media index by 3 per cent.

The shares rose sharply on speculation of possible strategic alliances with major telecommunications groups.

BHP finished 28 cents firmer at a record closing high of A$17.42. Turnover was A$478.2m.

KARACHI closed higher on buying support from financial *institutions.* The KSE index rose 3.47 to 1,395.04. Mr Muddassar Malik of BMA Capital Management in Karachi commented that since the elections the market had remained stable. For the near term he said that the market's direction depended to a certain extent on how quick privatisation issues came forward, while the textile sector looked strong given the good cotton crop this year.

BANGKOK retreated a little on profit-taking. The SET *index lost 3.31 to 1,137.59* in heavy turnover of Bt18.2bn.

Autumn lull in European turnover

By William Cochrane

Last summer's boost to bourse turnover, as traders and investors ignored the traditional European holiday season, was replaced by an autumn lull in September; but the hiatus was temporary, and more apparent than real.

September turnover figures for the top eight European bourses, *put together by Nat*West Securities, fell by 10.1 per cent from the August level after previous month-by-month gains of 20.3, 20.8, and 4.4 per cent.

However, says Mr James Cornish, European market strategist at NatWest, this leaves September well ahead of the 1993 average, and there are other indications that the setback was not serious:

- first, turnover on Seaq International, London's screen-based trading system for international equities, fell by 15.7 per cent on the month for the seven continental markets, suggesting a relative reluctance to sell on the part of international investors; and
- secondly, since the military success of the Russian president, Mr Boris Yeltsin on October 4, European markets have recovered and volumes have picked up.

The general lesson of the fall of turnover figures in September and their subsequent rise, says Mr Cornish, seems to be that there has been no international rush to sell, and that there is still considerable inter*est in buying.*

There were winners on the month, where doing business was concerned. Belgium's equity market fell by 1.3 per cent in September, but turnover rose by 34.8 per cent to a figure well above even the recent record level in March.

Mr Sebastian Scotney, at Dillon Read, says that investors picked out Belgium as a 1993 laggard market at the end of September. There was also speculation that, at some stage, there could be a unilateral devaluation of the Belgian franc.

Among individual stocks and sectors, there was some quite heavy turnover in retailers, and Delhaize in particular; while disappointing interim reports from cyclicals, including Bekhaert, provoked considerable selling from disappointed existing holders and reciprocal buying from those who believe that cyclicals are ready to be bought for European economic recovery.

The other winner was France which, in spite of a 4.6 per cent fall in the CAC-40 index, saw its turnover up 4.2 per cent on August, and by 14.6 per cent on the average of the previous three months. Mr Cornish says that the imminence of the BNP privatisation encouraged the market; presumably some institutions sold to make space for the new scrip which was coming up.

Of the fallers, the Netherlands was down by a fifth as interest turned to bigger markets, or those with more volatile currencies. The Swiss dropped 19.2 per cent on the suggestion that this bull market had run its course, and Germany by 18.4 per cent before the beginnings of an October upturn.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Jun 1993	Jul 1993	Aug 1993	Sep 1993	US $bn
Belgium	50.65	59.86	64.52	86.99	2.47
France	154.32	151.18	178.99	184.37	32.40
Germany	131.80	188.75	184.40	150.42	91.95
Italy	30,864.8	35,687.2	47,394	44,009.6	27.72
Netherlands	16.90	21.80	23.60	18.90	10.31
Spain	844.84	806.04	959.64	825.61	6.27
Switzerland	24.80	26.90	24.50	19.80	13.86
UK	41.86	45.99	50.90	49.82	74.65

Volumes represent purchases and sales.
Italian data adjusted to include off-market trading. Some figures may be revised.
Source: NatWest Securities

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY OCTOBER 13 1993								TUESDAY OCTOBER 12 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	152.39	+0.4	148.39	102.10	127.04	152.97	+0.3	3.38	151.76	146.87	101.64	125.93	152.57	152.39	117.39	121.53
Austria (17)	181.41	-0.5	176.66	121.56	151.24	151.00	+0.0	1.04	182.28	176.40	122.08	151.25	151.02	182.28	131.18	154.77
Belgium (42)	152.61	-1.0	148.61	102.25	127.22	132.10	+0.0	4.36	154.11	149.14	103.20	127.87	132.07	158.76	131.19	141.77
Canada (107)	126.28	+0.2	122.97	84.61	105.27	121.48	+0.0	2.79	126.08	121.99	84.42	104.59	121.49	130.38	111.41	112.97
Denmark (32)	237.20	-0.8	230.98	158.94	197.74	210.10	+0.0	1.08	239.12	231.40	160.15	198.41	210.01	239.12	185.11	198.46
Finland (23)	120.51	+1.5	117.35	80.75	100.47	143.83	+1.5	0.72	118.73	114.90	79.52	98.52	141.67	120.51	65.50	58.88
France (97)	170.04	-0.9	165.58	113.93	141.74	150.97	+0.1	3.06	171.61	166.07	114.92	142.38	150.88	173.05	142.72	149.20
Germany (60)	135.76	-0.3	132.21	90.98	113.18	113.18	+0.2	1.87	136.13	131.74	91.18	112.95	112.95	136.13	101.59	110.33
Hong Kong (55)	*329.64*	*+0.6*	*321.00*	*220.87*	*274.82*	*327.04*	*+0.6*	3.17	327.65	317.08	219.43	271.86	324.98	329.64	218.82	245.32
Ireland (14)	172.64	-1.1	168.12	115.68	143.92	166.67	-0.6	3.36	174.50	168.87	116.87	144.79	167.61	174.50	129.28	136.26
Italy (70)	70.25	-2.0	68.40	47.07	58.56	83.07	-1.4	1.95	71.68	69.37	48.00	59.47	84.28	78.93	53.78	58.75
Japan (469)	154.61	-0.4	150.56	103.59	128.91	103.59	-0.4	0.80	155.29	150.28	104.00	128.87	104.00	165.91	100.75	110.24
Malaysia (69)	451.79	+0.6	439.95	302.71	376.63	442.57	+0.6	1.57	449.19	434.70	300.82	372.71	439.85	451.79	251.66	251.19
Mexico (19)	1724.18	+0.0	1678.98	1155.27	1437.37	5869.33	+0.0	0.84	1724.18	1668.57	1154.73	1430.65	5869.33	1771.56	1410.30	1319.35
Netherland (24)	192.54	-0.4	187.50	129.01	160.52	158.49	+0.1	3.45	193.33	187.10	129.48	160.42	158.39	193.33	150.39	162.57
New Zealand (13)	63.44	-0.2	61.78	42.51	52.89	60.97	-0.2	3.64	63.54	61.49	42.56	52.73	61.11	63.54	40.56	39.61
Norway (23)	181.62	+0.6	176.86	121.70	151.41	173.61	+1.4	1.47	180.46	174.64	120.86	149.74	171.16	181.62	137.71	136.76
Singapore (38)	319.02	+0.2	310.66	213.76	265.95	230.52	+0.5	1.47	318.40	308.13	213.24	264.19	229.48	319.02	207.04	184.80
South Africa (60)	216.19	+1.1	210.52	144.85	180.22	197.87	+1.1	2.65	213.74	206.85	143.14	177.35	195.74	216.19	144.72	151.70
Spain (42)	142.40	-0.3	138.67	95.42	118.71	140.73	+0.3	4.15	142.81	138.20	95.64	118.49	140.32	142.81	115.23	112.70
Sweden (36)	203.29	+0.8	197.96	136.22	169.48	238.43	+0.9	1.42	201.71	195.20	135.09	167.37	236.34	203.29	149.70	154.57
Switzerland (50)	146.82	+0.2	142.97	98.38	122.42	127.86	+0.6	1.70	146.56	141.84	98.16	121.63	127.25	146.82	108.91	116.05
United Kingdom (218)	190.53	-1.1	185.53	127.65	158.82	185.53	-0.4	3.86	192.57	186.36	128.96	159.77	186.36	193.97	162.00	171.17
USA (519)	188.49	+0.1	183.55	126.30	157.14	188.49	+0.1	2.72	188.39	182.31	126.17	156.32	188.39	189.40	175.38	167.29
Europe (748)	161.66	-0.7	157.42	108.32	134.77	149.88	-0.1	3.01	162.79	157.54	109.03	135.08	150.02	162.97	133.92	138.06
Nordic (114)	191.05	+0.5	186.04	128.01	159.27	194.59	+0.8	1.26	190.09	183.96	127.31	157.73	193.02	191.05	142.13	144.49
Pacific Basin (713)	160.91	-0.3	156.69	107.82	134.15	112.25	-0.3	1.06	161.42	156.22	108.11	133.95	112.57	168.80	105.89	114.59
Euro-Pacific (1461)	161.11	-0.5	156.89	107.94	134.30	127.48	-0.2	1.87	161.88	156.66	108.41	134.31	127.74	162.86	117.26	124.09
North America (626)	184.62	+0.1	179.78	123.72	153.94	183.92	+0.1	2.73	184.51	178.56	123.59	153.13	183.83	185.59	171.51	163.91
Europe Ex. UK (530)	142.90	-0.5	139.16	95.77	119.16	128.93	+0.1	2.47	143.56	138.93	96.16	119.14	128.78	143.56	112.51	118.01
Pacific Ex. Japan (244)	222.40	+0.5	216.57	149.04	185.43	205.91	+0.5	2.82	221.35	214.21	148.27	183.69	204.95	222.40	152.70	157.21
World Ex. US (1647)	161.48	-0.4	157.25	108.21	134.63	129.53	-0.2	1.89	162.18	156.95	108.62	134.57	129.75	162.89	118.51	124.70
World Ex. UK (1948)	167.43	-0.2	163.04	112.19	139.59	144.09	-0.1	2.02	167.70	162.29	112.32	139.17	144.17	168.50	134.22	134.98
World Ex. So. Af. (2106)	169.25	-0.3	164.82	113.42	141.11	147.38	-0.1	2.20	169.70	164.23	113.66	140.82	147.53	170.43	137.29	138.13
World Ex. Japan (1697)	179.29	-0.2	174.59	120.15	149.49	173.06	+0.0	2.81	179.60	173.80	120.29	149.04	172.99	179.60	157.47	154.19
The World Index (2166)	*169.47*	*-0.3*	*165.02*	*113.55*	*141.29*	*147.84*	*-0.1*	2.20	169.89	164.41	113.79	140.98	147.97	170.42	137.32	138.12

Latest prices were unavailable for this edition.